-S1507-1-L

District of Columbia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1989

January 31, 1990

Dear Citizens:

I am pleased to report that the District ended fiscal year 1989 with revenues slightly in excess of expenditures. General fund revenues were $3,489.2 million and expenditures and other uses were $3,483.7 million, resulting in an excess of $5.5 million. The District has balanced the budget for eight of the last nine years. The accumulated deficit is $213.4 million, a net decline of $164.4 million over the last nine years.

Financing the District's needs was difficult in 1989. Continuing cutbacks in Federal funds, coupled with mandatory increased spending for public safety and the homeless are challenging the District's emphasis on economic and social programs that are necessary to improve the quality of life for our residents. The obvious and often noted solution, program cutbacks, can only be accomplished with painful consequences.

Throughout the 1980s, sound fiscal policy, innovative revenue strategies, and government support for economic programs have yielded several important benefits for the District:

- The Development Zones program, launched in 1986, is having a significant impact. Over 500 privately-owned apartments were rehabilitated with government assistance. An additional 200 District residents became home owners in the Development Zones. Two thousand Development Zone residents were placed in jobs, and another 700 were enrolled in training programs through District operated employment programs.
- Progressive economic policies helped to increase the assessed market value of commercial property from a little over three billion dollars in 1979 to $19.5 billion in 1989.
- The District has refunded much of its long term debt. In 1989, $185.8 million was refinanced with savings of $9.5 million over a 16 year period. The total savings for eight refundings is $878.0 million over a 20 year period.
- In 1989, the private sector increased its commitment and joined with the District government to make more than 20,000 summer jobs available. Since 1980, 231,000 jobs have been made available to our youth.
- Our Youth Leadership Institute has prepared 4,000 young people to serve as community leaders and good citizens in the 1990's.
- The District's unemployment rate was 4.9 percent for September 1989. This was the lowest unemployment rate reported for the month of September in eighteen years and the second time in 1989 that the rate dropped below 5 percent.
- Our Lottery and Charitable Games have earned over $252 million in general fund revenues since inception in 1982.
- The District also closed 281 Home Purchase Assistance Loans to low and moderate income households in 1989. Nearly 3,000 families have purchased homes under this program since 1979.
- For the eighth consecutive year, the Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its 1988 Comprehensive Annual Financial Report. The certificate is awarded only to those jurisdictions whose financial reports comply with rigorous program requirements and standards. Only eleven other states have received this certificate.
- Over a three year period, a $58.0 million deficit in the Water and Sewer Enterprise Fund was eliminated allowing the cancellation of a planned rate increase in 1989.
- The Office of the Anti-Drug Czar was established in 1989. The Anti-Drug Czar coordinates the District's tactical and programmatic assault on drugs. Operation "Reclaiming Our Streets," its first and very successful effort, was launched at a public housing site.

While we have accomplished a great deal over the past decade, many important financial challenges must be resolved in the 1990s:

- We must negotiate a resolution to our unfunded pension liability and accumulated deficit which we inherited from the Federal government.
- We must obtain a formula for calculating the Federal payment. The Federal payment was equal to 26.5% of the District's revenues in 1980, but was only 18.1% in 1989.

The well being of our citizens must remain the District's most important asset. I will seek every opportunity to sustain improvements in the District's economic outlook, and maintain acceptable service levels while balancing the budget.

Sincerely,

Marion Barry, Jr.
Mayor

District of Columbia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1989

Prepared by:

Office of the Controller
N. Anthony Calhoun
D.C. Controller
415 Twelfth Street, NW
Washington, DC 20004

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INTRODUCTORY SECTION

This section contains the table of contents, letter of transmittal, organizational chart, list of principal officials and Certificate of Achievement for Excellence in Financial Reporting.

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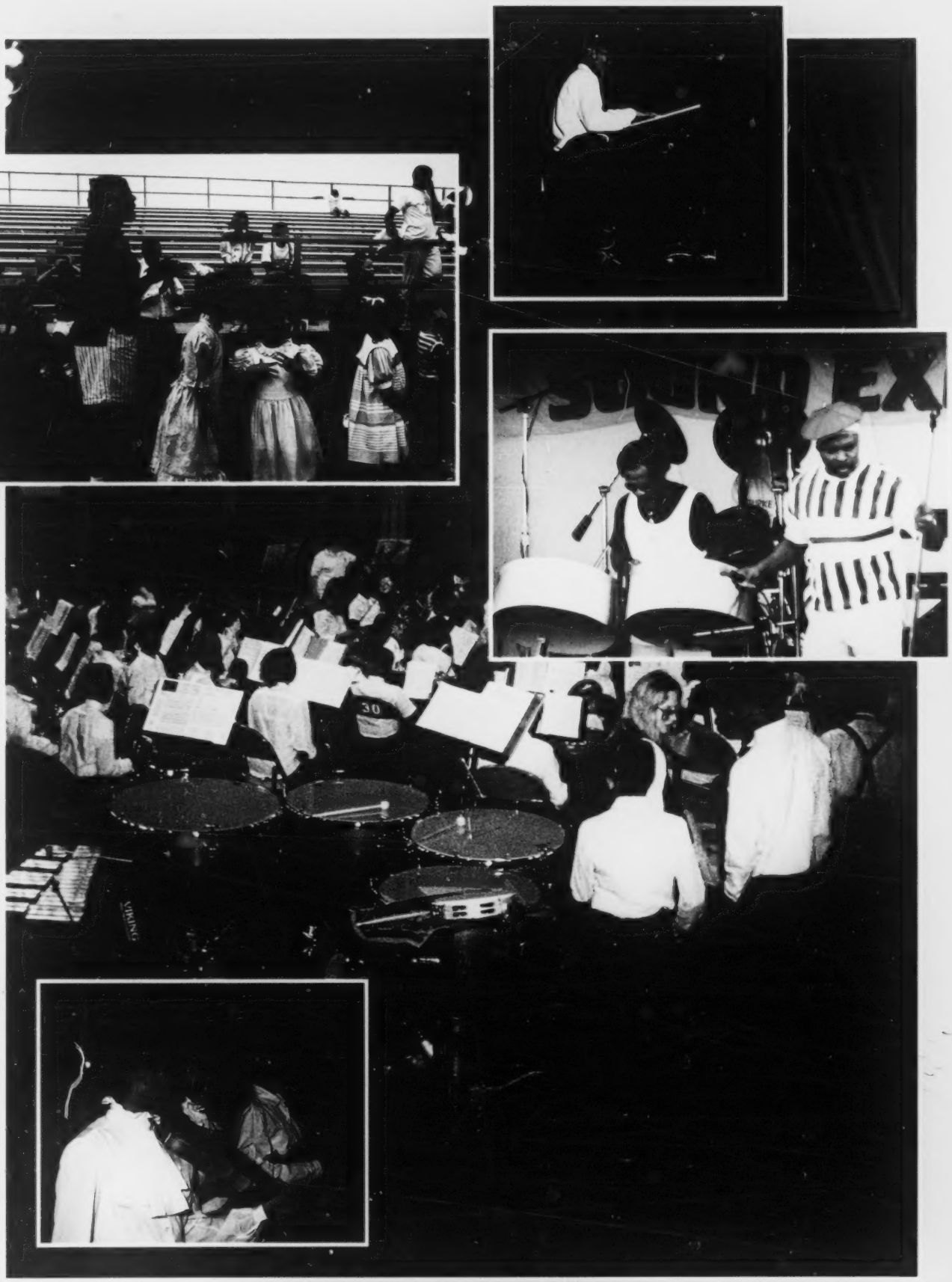

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1989

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INDICES: A Statistical Index to District of Columbia Services contains historical, current and planned data about the people, the neighborhoods, the economy and the government of the District. Federal and District agencies, businesses and other private and public organizations provide information displayed in *INDICES* which is published in July of each year. A copy of the 350 page reference book may be purchased from the Mayor's Office of Policy.

DISTRICT OF COLUMBIA
OFFICE OF FINANCIAL MANAGEMENT
1350 PENNSYLVANIA AVENUE, NORTHWEST
WASHINGTON, DC 20004
TEL 1-202-727-2476
FAX 1-202-737-5258

January 26, 1990

Robert Pohlman
Deputy Mayor for Financial Management

The Honorable Marion Barry, Jr.,
Mayor of the District of Columbia:

Management Responsibility

The comprehensive annual financial report of the District of Columbia for the fiscal year ended September 30, 1989, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Report Sections

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials and the Certificate of Achievement. The financial section includes the general purpose financial statements and the combining and individual fund statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

Reporting Entity

This report includes all funds and account groups of the District. The District provides a full range of state, county and city services. These services include public safety (police, fire and corrections), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (housing, regulation and employment) and public education (schools and libraries). In addition to general government activities, the Council exercises oversight of the water and sewer utility, the general hospital, the stadium and armory complex (Starplex), the convention center, the lottery, the university, housing finance and the retirement program. Therefore, these activities are included in this report. But, the District of Columbia Economic Development Finance Corporation and the Washington Metropolitan Area Transit Authority have not met the established criteria for inclusion in this report as component units, and accordingly are excluded. However, the District's investment in the Washington Metropolitan Area Transit Authority, which is a joint venture of Maryland, Virginia and the District, is included in this report.

Economic Condition and Outlook

As the nation's capital, the District of Columbia is the seat of the three branches of the Federal government and headquarters for most Federal departments and agencies. The Federal workforce in the District averaged 217,700 employees in 1988 while an additional 141,700 Federal employees worked elsewhere in the metropolitan area.

In addition to its role as the nation's capital, the District is host to 137 foreign embassies and 36 other recognized diplomatic missions, with more than 10,000 employees. A number of international organizations, such as the International Monetary Fund, the World Bank, the World Health Organization, and the Organization of American States have their headquarters in the District.

In 1988, an estimated 20 million persons visited the District. Those visitors provided about $2.0 billion in revenue to the hospitality industry and supported 31,000 jobs. Visitors are attracted not only by the need to do business with the national government and regional businesses but also by the national monuments, 350 historic sites, 56 museums, and other major cultural attractions. The Kennedy Center, National Gallery of Art, Smithsonian Institution and Library of Congress are all cultural institutions of international renown.

The Washington metropolitan area has developed into a diverse economic entity with Federal government employment providing a stable base for significant expansions in services, aerospace, high technology and communications and as a site for corporate headquarters.

The District is the central city of the ninth most populous metropolitan statistical area of the 266 in the United States. The District covers 62 square miles and had a 1988 population of 613,000, larger than that of three states. The metropolitan area population of 3.7 million encompasses 15 additional jurisdictions in suburban Maryland and northern Virginia. In 1985, the District had the second highest per capita income of the 50 largest cities and the metropolitan area ranked first among metropolitan areas. The consumer price index was the third highest of the metropolitan areas.

Per capita personal income in the District was $21,667 in 1988, compared to $16,444 for the United States. The relatively high per capita and household incomes in the District result from a combination of factors including a high labor force participation rate, multiple earner households, small household size (2.3 persons), a large percentage of college graduates and a substantial concentration of employed residents in highly-skilled occupations.

Approximately 32% of employment in the District was provided by the Federal government and 9% by the District government in 1988. In the metropolitan area, government jobs provided 26% of employment. Private employment in the District constituted 59% of jobs divided between services (61%), wholesale/retail (16%), finance, insurance and real estate (9%), transportation, communications and utilities (6%), and construction and manufacturing (8%). The convention and tourism industries and institutions of higher education are also major employers in the District. The headquarters of more than 2,500 national trade associations, voluntary societies and labor organizations are located in the District.

Total employment in the metropolitan area was 2,164,000 in 1988, an increase of 4.0% since 1987. (This number excludes self-employed, domestic workers, military and foreign government personnel. As such, the number excludes significant portions of the actual employed workforce in the area.) District employment in 1988 was 673,100, 31% of the area total. Unemployment in the District was 5.0% in 1988 compared to 2.9% for the metropolitan area and 5.4% for the United States.

The economy of the District is expected to remain relatively strong in the immediate and near future. The rate of growth will probably slow, though neither a recession or depression is anticipated. The construction of commercial units will not continue to increase at 18.0% a year, while residential units will continue to decrease at 3.1% a year, as they have during the past five years. Federal defense spending, which has increased at a 4.7% a year rate from 1984 to 1988, is expected to decline. Employment in the services sector is expected to maintain its 3.6% annual growth. As a result, per capita personal income is expected to keep increasing at a rate of 5.4% a year but retail sales are anticipated to not continue their 6.7% annual growth. The slowing down of the rate of economic expansion during the next few years will be reflected by a growth in District revenues (excluding intergovernmental revenues) of less than the 7.7% annual rate achieved during the past five years.

Major Initiatives

The District has experienced substantial growth in the assessed value of taxable real property, from $31.7 billion in 1988 to $35.3 billion in 1989 and particularly for commercial property, which increased in value from $16.4 billion in 1988 to $19.5 billion in 1989. Significant new construction of office buildings has added approximately 2.2 million square feet in the District between 1988 and 1989. A major redevelopment project along Pennsylvania Avenue, including office buildings, hotels and residential areas, is being developed by a Federal agency, the Pennsylvania Avenue Development Corporation. At December 31, 1988, the District had 67.8 million square feet of private commercial office space and the vacancy rate for such space was 9.7%.

At year end, the District was constructing 184 projects. The amount authorized for these projects was $672.5 million, of which $201.5 million was expended to date, and the unexpended balance was $471.0 million.

The downtown element of the District's Comprehensive Plan outlines overall land use targets for office space, retail space, hotel rooms, residential units and arts space, to be achieved by the year 2000. Office space is to increase from 24.4 million square feet in 1988 to 35.1 million in 2000, an increase of 10.7 million square feet, or 44%. Retail space will remain the same at 5.7 million square feet as old space is replaced by more productive new retail space. Hotel rooms are targeted to increase from 6,372 in 1988 to 11,010 by 2000, an increase of 4,638 rooms, or 73%. Residential units are planned to increase from 1,735 in 1988 to 5,400 in 2000, an increase of 3,665 units, or 211%. Arts space of 0.7 million square feet in 1988 is expected to increase by one third to 0.9 million by 2000.

Accounting System

The District's accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity (corresponding to a corporation in the private sector) having its own assets, liabilities, equity, revenues and expenditures/expenses. The types of funds used are determined by generally accepted accounting principles and the number of funds established within each type is determined by sound financial administration. Specialized accounting and reporting principles and practices apply to governmental and expendable trust funds. Proprietary and pension trust funds are accounted for in the same manner as similar business enterprises or nonbusiness organizations.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriated budget of the General Fund approved by the United States Congress. A project-length financial plan is adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within the General Fund. The District also maintains an encumbrance recording system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end in the General Fund but not in the Capital Projects Fund.

The District's appropriated budget is enacted on a basis not consistent with generally accepted accounting principles. The principal difference is the exclusion of interfund, gift, grant and refunding revenues and related expenditures from the appropriated budget.

As with the financial section, all amounts presented in the remainder of this letter are expressed in thousands.

General Fund

Governmental funds consist of the General Fund and the Capital Projects Fund. Operations are reported to show an *excess* or *deficiency* on a flow of *current financial* resources measurement focus. Capital outlays, debt proceeds and principal payments are included in their operating statements. Depreciation is not charged against operations. Interest incurred during construction is not capitalized.

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund operations are summarized below.

	1989	1988	Increase	Percent
Revenues	$3,489,191	3,364,411	124,780	3.7%
Expenditures and uses	3,483,722	3,378,690	105,032	3.1
Excess (Deficiency)	$ 5,469	(14,279)	19,748	138.3%

The General Fund changes in cash and investments are summarized below.

	1989	1988	Increase	Percent
Originations	$3,815,707	3,567,953	247,754	6.9%
Applications	3,821,374	3,638,266	183,108	5.0
Increase (Decrease)	$ (5,667)	(70,313)	64,646	91.9%

The General Fund had a total fund deficit of $213,403 at September 30, 1989 represented by liabilities of $747,658 less assets of $534,255. The total fund deficit reported in the first complete audit for 1980 was $377,810. The deficit has been reduced by $164,407 since 1980. The goal is to further reduce the deficit by $20,000 a year over the next ten years.

The following summary presents revenues by source class for the current year and the amount and percentage of increases and decreases in relation to prior year revenues.

	1989		Increase (Decrease) from 1988	
Source Class	Amount	Percent	Amount	Percent
Property taxes	$ 710,766	20.4%	$101,341	16.6%
Sales and use taxes	507,169	14.5	38,227	8.2
Income and franchise taxes	759,883	21.8	15,557	2.1
Gross receipts taxes	136,680	3.9	33,395	32.3
Other taxes	90,100	2.6	(5,834)	(6.1)
Total taxes	2,204,598	63.2	182,686	9.0
Licenses and permits	33,069	0.9	1,468	4.6
Fines and forfeits	45,511	1.3	3,917	9.4
Charges for services	125,756	3.6	813	1.0
Miscellaneous	93,490	2.7	(36,174)	(27.9)
Total District sources	2,502,424	71.7	152,710	6.5
Payment in lieu of taxes	453,800	13.0	(5,700)	(1.2)
Operating grants	532,967	15.3	(22,230)	(4.0)
Total Federal sources	986,767	28.3	(27,930)	(2.8)
Total revenues	$3,489,191	100.0%	$124,780	3.7%

The following summary presents expenditures and uses by function for the current year and the amount and percentage of increases and decreases in relation to prior year expenditures and uses.

Function	1989 Amount	1989 Percent	Increase (Decrease) from 1988 Amount	Increase (Decrease) from 1988 Percent
Current expenditures:				
Governmental direction	$ 147,014	4.2%	$ (1,180)	(0.8)%
Economic development	258,969	7.4	7,375	2.9
Public safety and justice	928,983	26.7	42,446	4.8
Public education system	658,857	18.9	31,464	5.0
Human support services	1,097,031	31.5	(161,964)	(12.9)
Public works	270,089	7.8	4,109	1.5
Future employee benefits	(169,653)	(4.9)	184,201	52.1
Total	3,191,290	91.6	106,451	3.5
Debt service:				
Principal	71,743	2.1	5,113	7.7
Interest and fiscal charges	157,105	4.5	6,406	4.3
Other financing uses:				
Net refunding payment	933	—	933	—
Operating transfers	62,651	1.8	(13,871)	(18.1)
Total expenditures and uses	$3,483,722	100.0%	$105,032	3.1%

The following summary presents current expenditures by object class for the current year and the amount and percentage of increases and decreases in relation to prior year current expenditures.

Object Class	1989 Amount	1989 Percent	Increase (Decrease) from 1988 Amount	Increase (Decrease) from 1988 Percent
Salaries and wages	$1,438,716	45.1%	$ 72,772	5.3%
Total employee benefits	519,853	16.3	(147,486)	(22.1)
Future employee benefits	(169,653)	(5.3)	184,201	52.1
Contractual services	287,193	9.0	(7,067)	(2.4)
Supplies	80,393	2.5	4,485	5.9
Occupancy	117,630	3.7	2,889	2.5
Public assistance	522,598	16.4	19,984	4.0
Other	394,560	12.3	(23,327)	(5.6)
Total current expenditures	$3,191,290	100.0%	$106,451	3.5%

Capital Projects Fund

During 1989, grants, loans and transfers totaled $230,330 and capital outlays were $248,219 which resulted in a deficiency of $17,889. The capital outlays consisted of $239,178 for general fixed assets and $9,041 for proprietary fixed assets. The Capital Projects Fund had a total fund balance at the end of the year of $36,589.

Proceeds of general obligation bonds issued for capital projects are credited as "other financing sources" in the Capital Projects Fund. Completed projects and construction in progress at year end are recorded in the General Fixed Assets Account Group or in the proprietary fund to which they apply.

Enterprise Funds

Enterprise funds are used to account for component units engaged primarily or solely in selling goods or services to the general public on a continuing basis. Operations are reported to show a *net income* or *net loss* on a flow of *economic* resources measurement focus. Capital outlays, debt proceeds and principal payments are not included in their operating statements. The cost (including interest incurred during construction) of fixed assets acquired is capitalized and recovered through depreciation charged against operations over the lives of the assets. Depreciation on fixed assets acquired by capital grants or by the university is closed to Contributed Capital and not to Retained Earnings.

The District operates six enterprise funds as summarized below.

Fund	Operating Revenues	Income (Loss) Before Transfers		Operating Transfers In (Out)	
	1989	1989	1988	1989	1988
Water and Sewer	$196,830	21,709	36,058	—	—
General Hospital	66,479	(51,569)	(42,989)	44,430	41,930
Starplex	7,502	950	948	(1,000)	—
Convention Center	7,440	(10,485)	(10,487)	8,597	6,758
Lottery and Games	68,348	53,335	42,895	(53,000)	(42,500)
University	7,592	(80,791)	(73,566)	74,310	71,667
Total	$354,191	(66,851)	(47,141)	73,337	77,855

The Water and Sewer Fund supplies potable water from the Potomac River and operates a sewerage system. District waste treatment facilities process sewage for the District and local jurisdictions in suburban Maryland and northern Virginia. User charges recovered 123.0% of cost (excluding depreciation) in 1989 and 134.3% in 1988.

The General Hospital Fund operates the 400-bed District of Columbia General Hospital and is a major provider of health services to indigent patients. The hospital recovered 58.8% of its cost (excluding depreciation) through user charges in 1989 and 63.9% in 1988. The Fund had a deficit balance of $15,043 in retained earnings at September 30, 1989. While the deficit increased by $9,712 since the first audit in 1980, the depreciation expense was $30,513 during this period.

The Starplex Fund operates the Robert F. Kennedy Memorial Stadium and the National Guard Armory. User charges recovered 134.1% of cost (excluding depreciation) in 1989 and 140.8% in 1988.

The Washington Convention Center is located midway between the Capitol and the White House and has 378,000 square feet of exhibit and meeting space on two levels. The Convention Center Fund recovered 50.1% of its cost (excluding depreciation) through user charges in 1989 and 38.7% in 1988.

The lottery is accounted for in the Lottery and Games Fund. The lottery had gross operating revenues of $142,644 in 1989 as compared to $122,969 in 1988, an increase of $19,675 or 16.0%. The percent of pretransfer income to gross operating revenues was 37.4% in 1989 and 34.9% in 1988.

The University Fund includes all activities of the University of the District of Columbia which is a land-grant institution that provides low cost courses leading to certificate, bachelor and advanced degrees in arts, sciences, teacher education and special career education. The university recovered 9.1% of its cost (excluding depreciation) through user charges in 1989 and 8.6% in 1988.

At September 30, 1989, the enterprise funds had combined fund equities of $739,252 segregated into capital contributions from the Federal and District governments of $608,452 and retained earnings of $130,800. The combined net income of $6,486 in 1989 was 1.8% of operating revenues and 0.9% of fund equity.

Trust Funds

Trust funds are used to account for property to which the District has legal title in order to administer it for the benefit of others. Expendable trust funds are those whose principal may be expended and are reported on a current financial resources focus. Pension Trust Funds must preserve their principal intact and are reported on an economic resources focus.

The District operates three trust funds as summarized below.

Fund	Operating Revenues	Excess/Income Before Transfers		Operating Transfers In (Out)	
	1989	1989	1988	1989	1988
Unemployment Compensation	$ 78,009	(4,068)	73	—	—
Housing Finance	45,386	(2,299)	208	29	1,825
Pension	478,390	271,080	53,862	(4,902)	(3,639)
Total	$601,785	264,713	54,143	(4,873)	(1,814)

The Unemployment Compensation Fund pays benefits to unemployed former employees of the District and Federal governments and private employers doing business in the District. At September 30, 1989, the fund had a total fund balance of $87,150.

The Housing Finance Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The bonds are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. At September 30, 1989, the fund had loans receivable of $219,415, loans payable of $408,553 and a total fund balance of $3,317.

The Pension Trust Funds pay benefits to retired judges, police officers, fire fighters and public school teachers under the District Retirement Program which is a contributory single employer defined benefit pension plan administered by the District. Other employees are covered by the Civil Service or Social Security Retirement Systems administered by the Federal government.

The District Retirement Program was started in 1916 and operated by the Federal government on an unfunded basis. At the beginning of Home Rule in 1975, the unfunded actuarial liability of the program was $1.9 billion. In 1979, Congress enacted the Retirement Reform Act which authorized 25 annual Federal contributions of $52,070 from 1980 through 2004. The present value of these contributions in 1975 was $486,800 or 25.6% of the unfunded actuarial liability at that date.

The District's annual contribution to the Pension Trust Funds mandated by the Retirement Reform Act is primarily on a pay-as-you-go basis through 2004. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to normal cost plus interest on the unfunded actuarial liability.

The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made by the District in accumulating sufficient assets to pay benefits when due. The smaller the percentage, the stronger the Pension Trust Funds.

The net assets (at market) available for benefits, expressed as a percentage of the total pension benefit obligation, indicates over time whether the program is becoming financially stronger or weaker. The larger the percentage, the stronger the Pension Trust Funds.

Three-year historical trend information was as follows:

Indicator	1989	1988	1987
Unfunded obligation to covered payroll	1,007.1%	1,121.8%	1,141.3%
Net assets to total obligation	30.2	27.4	27.8

Debt Administration

The following summary presents the outstanding long term debt of the District at September 30, 1989 and 1988. There is no revenue, special assessment or overlapping debt.

Fund Type or Account Group	1989	1988
Enterprise notes	$ 62,135	67,752
Enterprise bonds	237,501	235,050
General notes	589,615	617,573
General bonds	1,646,251	1,498,515
Total	$2,535,502	2,418,890

The percent of debt to assessed value (which equals estimated actual value) and the amount of debt per capita are useful indicators of the District's debt position. These data for the District at the end of 1989 and 1988 were as follows.

Indicator	1989	1988
Debt to assessed value	7.2%	7.6%
Debt per capita	$4,198	3,946

Through 1984, the District issued notes to the Federal government for authorized capital projects. Starting in 1985, the District has issued general obligation bonds to the public to finance capital projects or to refinance old debt. At year end, there were 217 notes and 14 bond issues outstanding. The District has maintained an A rating from Standard & Poor's Corporation and a Baa rating from Moody's Investors Service on its general obligation bond issues.

During 1989, the District issued $169,180 of general obligation serial/term bonds. The proceeds were used for capital projects ($160,656), interest ($4,793) and issuance costs ($3,731). The proceeds included $15,885 of capital appreciation bonds having a maturity value of $34,420. The bonds' average effective interest rate was 6.95%.

During the year, the District issued $217,482 of general obligation refunding bonds, of which the Water and Sewer Enterprise Fund's portion was $22,579. The proceeds of these bonds were placed in an irrevocable escrow account in an amount sufficient to meet all principal and interest payments on $185,815 of general obligation bonds refunded. This advance refunding gave rise to an economic gain of $9,542 resulting from reduced future interest payments on the refunding bonds. The effect of the refunding on the enterprise fund's net income was not material.

The Charter limits the issuance of long term general obligation debt to an amount which would not cause future debt service to exceed 14% of current revenues. The District's fiscal policy is to limit current debt service to not more than 9.0% of current revenues as calculated in Exhibit S-11.

During the year, the District issued $250,000 of general obligation tax revenue anticipation notes with interest rates from 7.50% to 6.00%. The principal and interest were paid on September 29, 1989 by the General Fund.

Cash Management

Cash from all funds is combined unless prohibited by law. Any cash that is not needed for immediate disbursement is invested in obligations which are guaranteed fully by the Federal government. All deposits and repurchase agreements are collateralized fully with securities which are held by the District or by its agent in the District's name.

The District earned $29,387 on its investments in 1989 and $25,600 in 1988, average yield rates of 9.1% and 7.1%, respectively, exclusive of fiduciary funds.

Risk Management

The District retains the risk of loss arising out of the ownership of property or from some other cause, except health care and life insurance benefits for employees. Assets are not set aside to finance losses, which are recognized when they occur.

Independent Audit

District law (D.C. Code 47-119) requires an annual financial audit of the District by independent certified public accountants. The audit must be conducted in accordance with generally accepted auditing standards and the financial statements must be prepared in conformity with generally accepted accounting principles. The District has complied with these requirements and the independent auditors' report is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the year ended September 30, 1988. This was the eighth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report within four months after the end of the fiscal year was made possible by the dedicated service of the staff of the Controller's office. We would like to express our appreciation to each member of the staff who contributed to the preparation of this report.

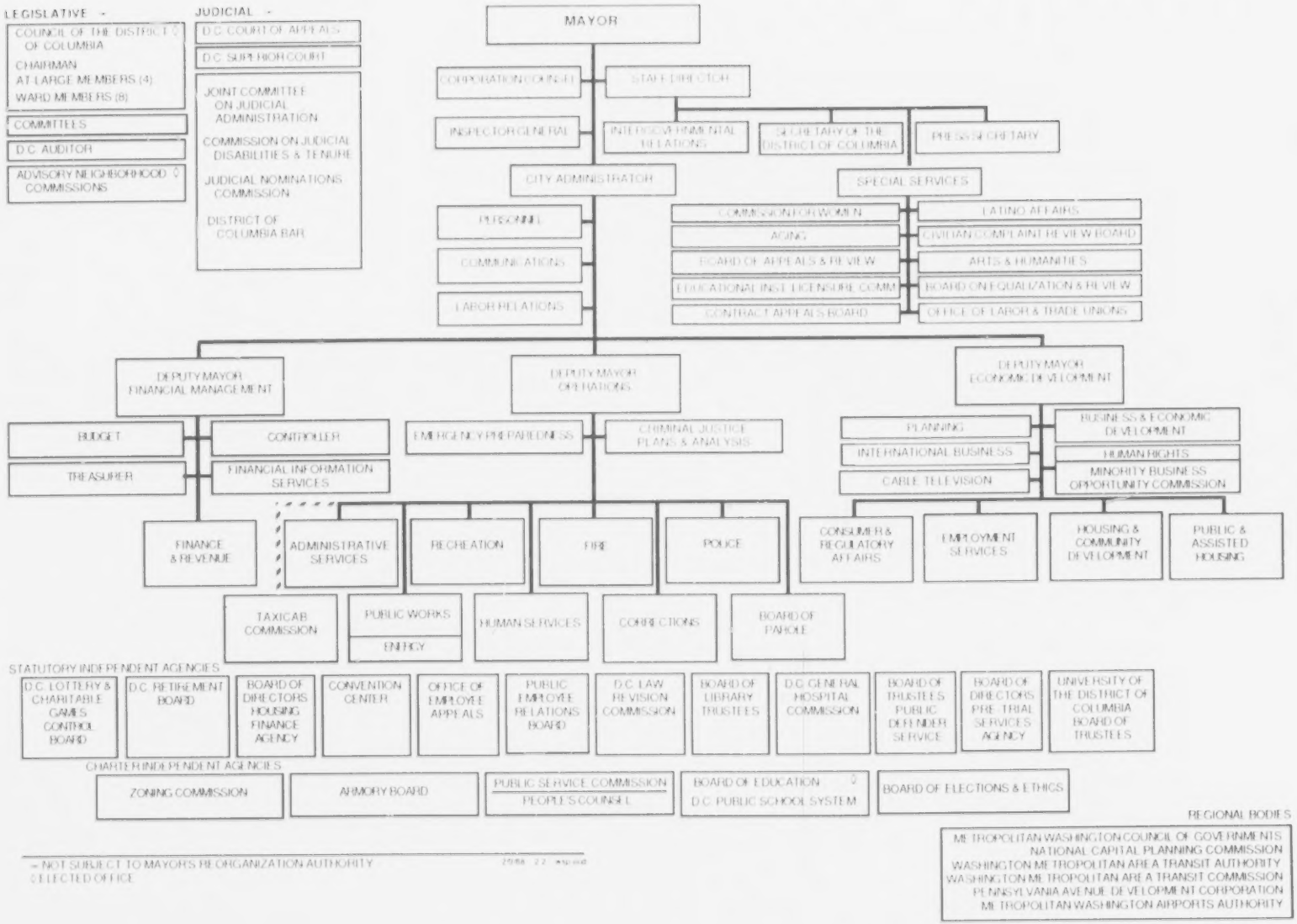
In closing, we would like to thank the Mayor and members of the Council for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

Robert Pohlman
Deputy Mayor for Financial Management

N. Anthony Calhoun
D.C. Controller

ORGANIZATION CHART



PRINCIPAL OFFICIALS

January 2, 1990

Name	Position	Term Expires
Chief Executive Officer		
Marion Barry, Jr.	Mayor	1991
Council		
David A. Clarke	Chairman	1991
Betty Ann Kane	At Large	1991
William P. Lightfoot, Jr.	At Large	1993
Hilda H. Mason	At Large	1991
John L. Ray	At Large	1993
Frank Smith, Jr.	Ward 1	1991
John A. Wilson	Ward 2	1993
James E. Nathanson	Ward 3	1991
Charlene Drew Jarvis	Ward 4	1993
Harry L. Thomas	Ward 5	1991
Nadine P. Winter	Ward 6	1991
H. R. Crawford	Ward 7	1993
Wilhelmina J. Rolark	Ward 8	1993
Chief Judges		
Judith W. Rogers	Court of Appeals	2003
Fred B. Ugast	Superior Court	2003
House of Representatives		
Walter E. Fauntroy	Delegate	1991
Executive Officers		
Carol B. Thompson	City Administrator/Deputy Mayor for Operations	
Robert Pohlman	Deputy Mayor for Financial Management	
Wylie L. Williams, Jr.	Deputy Mayor for Economic Development	
Herbert O. Reid, Sr.	Corporation Counsel	
Teri Y. Doke	Secretary of the District of Columbia	
Vernon S. Gill	Inspector General	
N. Anthony Calhoun	Controller	
Richard C. Siegel	Budget Director	
Sophia L. Green-Robinson	Treasurer	
Harold L. Thomas	Finance and Revenue Director	
Edward G. Winner	Financial Information Services Director	

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District of Columbia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1988

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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FINANCIAL SECTION

This section contains two subsections: General Purpose Financial Statements and Combining and Individual Fund Statements and Schedules.

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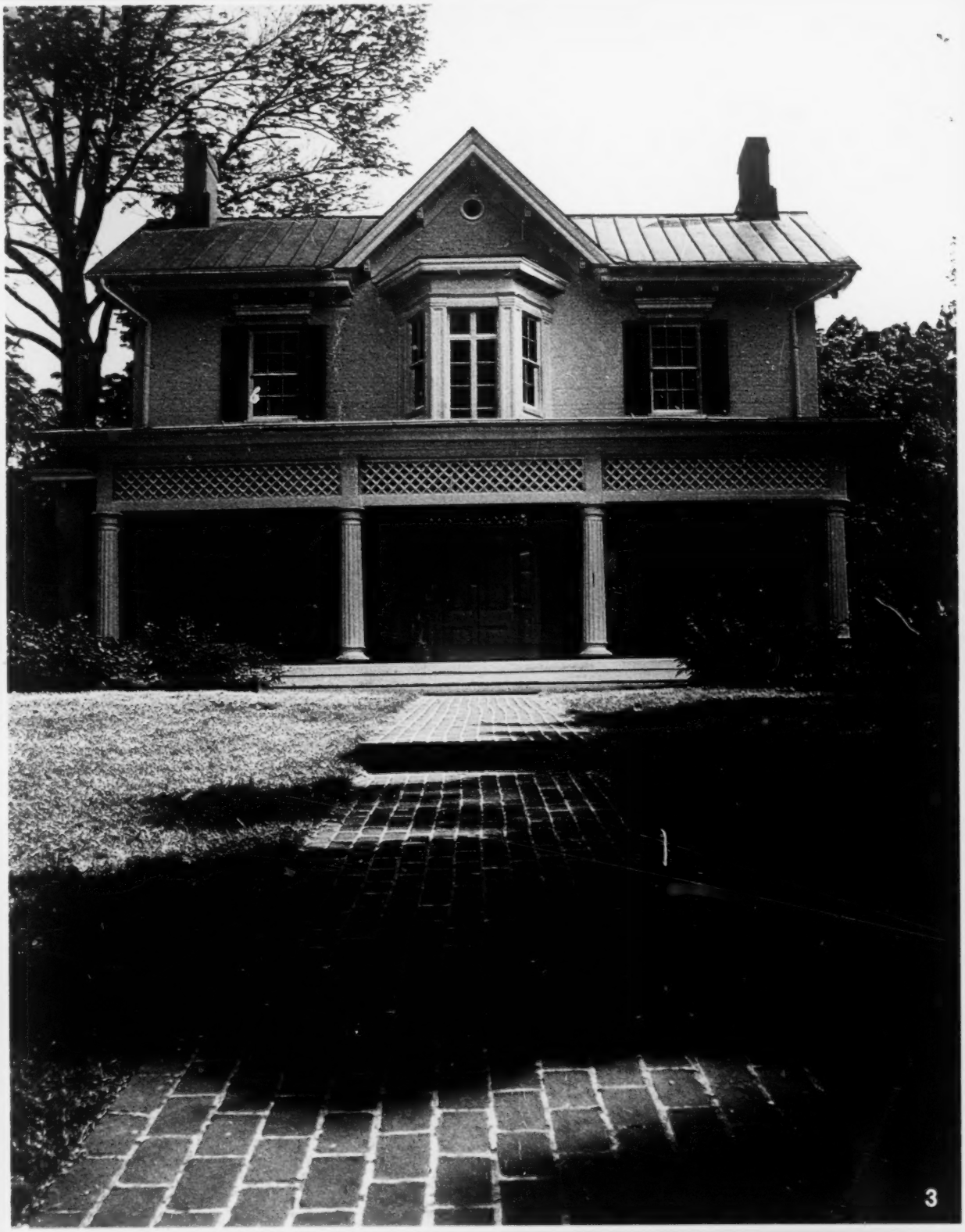
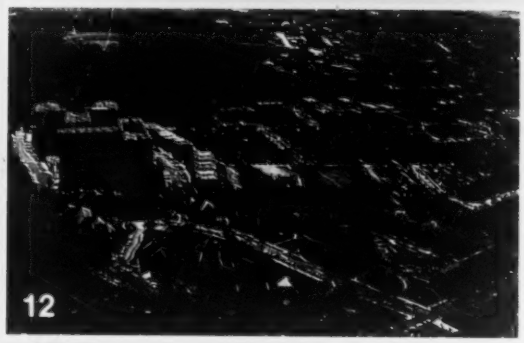
GENERAL PURPOSE FINANCIAL STATEMENTS



These basic financial statements provide a summary overview of the financial position of all fund types and account groups and of the operating results of all fund types.



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KPMG Peat Marwick
C.G. Gardiner, P.C.
MITCHELL/TITUS & CO.
F. S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
WASHINGTON, D.C.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
of the District of Columbia:

We have audited the general purpose financial statements of the District of Columbia as of and for the year ended September 30, 1989, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the District of Columbia's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District of Columbia at September 30, 1989, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District of Columbia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick
C. G. Gardiner, P.C.
Mitchell/Titus & Co.
F. S. Taylor & Associates, P.C.

January 25, 1990

Exhibit 1

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 1989
With Comparative Totals for September 30, 1988
($000s)

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1989	1988
ASSETS								
Current Assets:								
Cash and investments (note 2)	$ 85,885	77,615	135,171	—	—	—	298,671	323,504
Receivables (net of allowances for uncollectibles):								
Taxes	201,710	—	—	—	—	—	201,710	164,315
Accounts	34,409	—	78,447	—	—	—	112,856	113,422
Intergovernmental	136,068	25,508	5,572	—	—	—	167,148	166,018
Inventories	26,332	—	12,268	—	—	—	38,600	38,957
Other current assets	—	—	4,022	—	—	—	4,022	4,961
Total current assets	484,404	103,123	235,480	—	—	—	823,007	811,177
Long Term Assets:								
Receivables:								
Accounts	5,585	—	—	—	—	—	5,585	7,770
Loans	36,225	—	—	—	—	—	36,225	22,784
Intergovernmental	—	—	12,659	—	—	—	12,659	12,659
Interfund (note 3)	8,041	—	—	—	—	—	8,041	6,952
Deferred charges	—	—	4,154	—	—	—	4,154	4,176
Total long term assets	49,851	—	16,813	—	—	—	66,664	54,341
Fixed Assets (Note 5):								
Property and equipment	—	—	1,252,824	—	3,969,187	—	5,222,011	4,931,555
Less - accumulated depreciation	—	—	343,884	—	1,390,531	—	1,734,415	1,605,771
Net fixed assets	—	—	908,940	—	2,578,656	—	3,487,596	3,325,784
Restricted Assets:								
Cash and investments	—	—	—	1,832,130	—	—	1,832,130	1,454,608
Receivables:								
Accounts	—	—	—	25,978	—	—	25,978	23,013
Loans	—	—	—	219,415	—	—	219,415	210,436
Intergovernmental	—	—	—	507,610	—	—	507,610	530,699
Interfund (note 3)	—	—	—	20,073	—	—	20,073	18,403
Prepaid charges	—	—	—	7,083	—	—	7,083	6,106
Other restricted assets	—	—	—	3,442	—	—	3,442	33
Total restricted assets	—	—	—	2,615,731	—	—	2,615,731	2,243,298
Other Debits:								
Resources to be provided	—	—	—	—	—	4,964,755	4,964,755	4,675,688
Total assets	**$534,255**	**103,123**	**1,161,233**	**2,615,731**	**2,578,656**	**4,964,755**	**11,957,753**	**11,110,288**

The accompanying notes are an integral part of this statement.

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1989	1988
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Payables:								
Accounts	$137,878	34,189	33,467	—	—	—	205,534	199,655
Compensation	140,348	—	26,728	—	—	—	167,076	161,555
Intergovernmental	39,152	—	3,882	—	—	—	43,034	51,712
Interfund (note 3)	20,073	—	—	—	—	—	20,073	18,403
Accrued liabilities	136,276	—	12,196	—	—	—	148,472	137,287
Deferred revenue	261,979	32,345	8,302	—	—	—	302,626	282,819
Current maturities (note 6)	—	—	11,510	—	—	—	11,510	12,491
Other current liabilities	11,952	—	7,080	—	—	—	19,032	19,824
Total current liabilities	747,658	66,534	103,165	—	—	—	917,357	883,746
Long Term Liabilities (Note 6):								
Long term debt:								
Intergovernmental notes payable	—	—	58,650	—	—	589,615	648,265	679,709
General obligation bonds payable	—	—	229,476	—	—	1,646,251	1,875,727	1,726,690
Other long term liabilities	—	—	30,690	—	—	2,728,889	2,759,579	2,586,627
Total long term liabilities	—	—	318,816	—	—	4,964,755	5,283,571	4,993,026
Liabilities Payable from Restricted Assets:								
Payables:								
Accounts	—	—	—	29,337	—	—	29,337	51,140
Loans	—	—	—	408,553	—	—	408,553	311,560
Interfund (note 3)	—	—	—	8,041	—	—	8,041	6,952
Deferred revenue	—	—	—	4,287	—	—	4,287	3,526
Other restricted liabilities	—	—	—	136,820	—	—	136,820	101,267
Total restricted liabilities	—	—	—	587,038	—	—	587,038	474,445
Total liabilities	**747,658**	**66,534**	**421,981**	**587,038**	**—**	**4,964,755**	**6,787,966**	**6,351,217**
Fund Equity:								
Other credits:								
Resources invested (note 5)	—	—	—	—	2,578,656	—	2,578,656	2,446,331
Contributed capital (note 5)	—	—	608,452	—	—	—	608,452	591,642
Retained earnings	—	—	130,800	—	—	—	130,800	116,639
Fund balances:								
Reserved for:								
Long term assets	49,851	—	—	—	—	—	49,851	37,506
Encumbrances	—	36,589	—	—	—	—	36,589	54,478
Net restricted assets	—	—	—	2,028,693	—	—	2,028,693	1,768,853
Unreserved (deficit)	(263,254)	—	—	—	—	—	(263,254)	(256,378)
Total fund equity	**(213,403)**	**36,589**	**739,252**	**2,028,693**	**2,578,656**	**—**	**5,169,787**	**4,759,071**
Total liabilities and fund equity	**$534,255**	**103,123**	**1,161,233**	**2,615,731**	**2,578,656**	**4,964,755**	**11,957,753**	**11,110,288**

Exhibit 2

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Capital Projects	Expendable Trust	1989	1988
Revenues:					
Taxes	$2,204,598	—	—	2,204,598	2,021,912
Licenses and permits	33,069	—	—	33,069	31,601
Fines and forfeits	45,511	—	—	45,511	41,594
Charges for services	125,756	—	—	125,756	124,943
Benefit contributions	—	—	78,009	78,009	76,396
Miscellaneous	93,490	—	45,386	138,876	164,488
Intergovernmental (note 10)	986,767	73,001	—	1,059,768	1,117,384
Total revenues	3,489,191	73,001	123,395	3,685,587	3,578,318
Expenditures:					
Current:					
Governmental direction and support	147,014	—	—	147,014	148,194
Economic development and regulation	258,969	—	47,685	306,654	286,210
Public safety and justice	928,983	—	—	928,983	886,537
Public education system	658,857	—	—	658,857	627,393
Human support services	1,097,031	—	82,077	1,179,108	1,335,318
Public works	270,089	—	—	270,089	265,980
Employee benefits addition (deduction)	(169,653)	—	—	(169,653)	(353,854)
Capital outlay	—	248,219	—	248,219	281,732
Debt service:					
Principal	71,743	—	—	71,743	66,630
Interest and fiscal charges	157,105	—	—	157,105	150,699
Total expenditures	3,420,138	248,219	129,762	3,798,119	3,694,839
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	69,053	(175,218)	(6,367)	(112,532)	(116,521)
Other Financing Sources (Uses):					
Proceeds (payment) of:					
General obligation bonds	194,903	163,142	—	358,045	192,088
Refunded debt	(166,524)	—	—	(166,524)	(83,703)
Refunding charges	(29,312)	—	—	(29,312)	(16,456)
Operating transfers:					
Transfers in	64,715	—	29	64,744	48,445
Transfers out	(127,366)	(5,813)	—	(133,179)	(122,661)
Total other financing sources (uses)	(63,584)	157,329	29	93,774	17,713
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**5,469**	**(17,889)**	**(6,338)**	**(18,758)**	**(98,808)**
Fund Balances (Deficit) at October 1	**(218,872)**	**54,478**	**96,805**	**(67,589)**	**31,219**
Fund Balances (Deficit) at September 30	**$ (213,403)**	**36,589**	**90,467**	**(86,347)**	**(67,589)**

The accompanying notes are an integral part of this statement.

Exhibit 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

Year Ended September 30, 1989
($000s)

	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)	Nonappropriated Actual
Revenues:				
Taxes	$2,193,860	2,204,598	10,738	—
Licenses and permits	35,361	33,069	(2,292)	—
Fines and forfeits	44,512	45,511	999	—
Charges for services	57,695	46,966	(10,729)	78,790
Miscellaneous	38,361	36,459	(1,902)	57,031
Intergovernmental	453,800	453,800	—	532,967
Total revenues	2,823,589	2,820,403	(3,186)	668,788
Expenditures:				
Current:				
Governmental direction and support	124,088	125,161	(1,073)	21,853
Economic development and regulation	124,157	120,920	3,237	138,049
Public safety and justice	761,569	767,745	(6,176)	161,238
Public education system	551,293	551,047	246	107,810
Human support services	728,229	744,836	(16,607)	352,195
Public works	207,268	205,566	1,702	64,523
Unallocated addition (rescission)	(14,515)	—	(14,515)	—
Employee benefits addition (deduction)	—	—	—	(169,653)
Debt service:				
Principal	72,292	71,743	549	—
Interest and fiscal charges	157,670	154,865	2,805	2,240
Total expenditures	2,712,051	2,741,883	(29,832)	678,255
EXCESS OF REVENUES OVER EXPENDITURES	111,538	78,520	(33,018)	(9,467)
Other Financing Sources (Uses):				
Proceeds (payment) of:				
Refunding bonds	—	—	—	194,903
Refunded debt	—	—	—	(166,524)
Refunding charges	—	—	—	(29,312)
Operating transfers:				
Transfers in	38,541	53,000	14,459	11,715
Transfers out	(130,079)	(131,033)	(954)	3,667
Total other financing sources (uses)	(91,538)	(78,033)	13,505	14,449
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	20,000	487	(19,513)	4,982
To adjust for nonappropriated actual	—	4,982	4,982	(4,982)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (GAAP BASIS)	**$ 20,000**	**5,469**	**(14,531)**	**—**

The accompanying notes are an integral part of this statement.

Exhibit 4

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1989	1988
Operating Revenues:				
Charges for services	$354,191	—	354,191	338,739
Benefit contributions	—	229,149	229,149	211,034
Miscellaneous	—	249,241	249,241	35,821
Total operating revenues	354,191	478,390	832,581	585,594
Operating Expenses:				
Personal services	213,189	—	213,189	193,926
Contractual services	78,324	—	78,324	70,726
Supplies	28,921	—	28,921	26,305
Occupancy	27,820	—	27,820	27,035
Depreciation	30,003	—	30,003	27,817
Benefit payments	—	207,310	207,310	192,993
Miscellaneous	34,560	—	34,560	30,795
Total operating expenses	412,817	207,310	620,127	569,597
OPERATING INCOME (LOSS)	(58,626)	271,080	212,454	15,997
Nonoperating Revenues (Expenses):				
Intergovernmental (note 10)	4,660	—	4,660	4,955
Interest and fiscal charges	(15,539)	—	(15,539)	(16,852)
Refunding charges	(3,401)	—	(3,401)	(2,969)
Miscellaneous	6,055	—	6,055	5,590
Total nonoperating revenues (expenses)	(8,225)	—	(8,225)	(9,276)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(66,851)	271,080	204,229	6,721
Operating transfers:				
Transfers in	73,337	—	73,337	120,355
Transfers out	—	(4,902)	(4,902)	(46,139)
Total operating transfers	73,337	(4,902)	68,435	74,216
NET INCOME	**6,486**	**266,178**	**272,664**	**80,937**
Depreciation closed to Contributed Capital	7,675	—	7,675	7,452
INCREASE IN RETAINED EARNINGS/FUND BALANCES	**14,161**	**266,178**	**280,339**	**88,389**
Retained Earnings/Fund Balances at October 1	116,639	1,672,048	1,788,687	1,700,298
Retained Earnings/Fund Balances at September 30	$130,800	1,938,226	2,069,026	1,788,687

The accompanying notes are an integral part of this statement.

Exhibit 5

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1989	1988
Sources of Cash:				
Operations:				
Income (loss) before operating transfers	$ (66,851)	271,080	204,229	6,721
Item not requiring cash -				
Depreciation	30,003	—	30,003	27,817
Working capital provided (required)	(36,848)	271,080	234,232	34,538
Increase (decrease) in current/restricted liabilities:				
Accounts payable	(2,819)	(16,492)	(19,311)	13,395
Compensation payable	4,294	—	4,294	625
Intergovernmental payable	(6,939)	—	(6,939)	(179)
Interfund payable	—	—	—	(325)
Accrued liabilities	645	—	645	5,403
Deferred revenue	(6,936)	—	(6,936)	2,269
Current maturities	(981)	—	(981)	871
Other current liabilities	906	—	906	(2,830)
Decrease (increase) in current/restricted assets:				
Accounts receivable	(564)	—	(564)	(5,521)
Intergovernmental receivable	1,301	18,873	20,174	18,977
Interfund receivable	—	(1,810)	(1,810)	(1,882)
Inventories	2,118	—	2,118	(236)
Other current assets	(311)	—	(311)	(19)
Other restricted assets	—	(1,349)	(1,349)	17,422
Cash provided (required)	(46,134)	270,302	224,168	82,508
Other sources of cash:				
Deduction of long term assets	22	—	22	4,922
Disposition of fixed assets	427	—	427	531
Proceeds of long term liabilities	34,608	—	34,608	32,357
Contribution of capital	24,485	—	24,485	25,508
Operating transfers in	127,337	—	127,337	120,355
Total sources of cash	140,745	270,302	411,047	266,181
Uses of Cash:				
Addition of long term assets	—	—	—	184
Acquisition of fixed assets	59,917	—	59,917	73,840
Payment of long term liabilities	33,130	—	33,130	26,266
Operating transfers out	54,000	4,902	58,902	46,139
Total uses of cash	147,047	4,902	151,949	146,429
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(6,302)	265,400	259,098	119,752
Cash and Investments at October 1	141,473	1,161,436	1,302,909	1,183,157
Cash and Investments at September 30	$135,171	1,426,836	1,562,007	1,302,909

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 1989

(amounts expressed in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District of Columbia (District) have been prepared in conformity with generally accepted accounting principles. The more significant of the District's accounting policies are described below.

A. REPORTING ENTITY

Article I, section 8, clause 17 of the United States Constitution adopted September 17, 1787 states, "The Congress shall have the power. . .to exercise exclusive legislation in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the government of the United States. . ." The District of Columbia was created March 30, 1791 and became the nation's capital December 1, 1800. Congress granted the District a Charter which went into effect on January 2, 1975 (the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, approved December 24, 1973). The District is a municipal corporation which operates under an elected Mayor-Council form of government. An act of the Council, other than a budget request act, becomes a law unless it is disapproved by Congress and the President after it is adopted. Citizens of the District have the right to vote for President and Vice President of the United States but not for members of Congress. The District has an elected nonvoting delegate to the United States House of Representatives. The judges of the District courts are appointed by the President with the advice and consent of the Senate. Felonies committed in the District are prosecuted by the United States Attorney and court orders are carried out by the United States Marshall.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic—but not the only—criterion for including a potential component unit within the reporting entity is the Council's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, the District's reporting entity includes the water and sewer utility, the general hospital, the stadium and armory complex (Starplex), the convention center, the lottery, the university, housing finance agency and the retirement program. Each of the foregoing potential component units is included within the reporting entity for one or more of the following reasons: the District's elected officials select the governing authority; the District is responsible for financing deficits, is entitled to surpluses, holds title to assets, has the right to require audits, or is liable for general obligation debt; the Council has the authority to approve budgets; or the unit provides services to residents within the geographic boundaries of the District.

The reporting entity excludes the District of Columbia Economic Development Finance Corporation because the appointed board members have no continuing relationship with the District; the board designates the management and has sole budgetary authority; the District cannot significantly influence the corporation's operations and is not legally or morally obligated for the corporation's debt; and the corporation controls surpluses and deficits and is responsible for fiscal management and project selection.

The reporting entity excludes also the Washington Metropolitan Area Transit Authority which is a joint venture established by interstate compact in 1967. The Authority's governing board, appointed jointly by Maryland, Virginia and the District, selects management staff, sets user charges, establishes budgets and controls all aspects of regional mass transit management and development. The District provides operating, debt service and capital grants to the Authority.

B. BASIS OF PRESENTATION

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in governmental funds because they are not current financial resources and liabilities.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all of the District's general activities. The General Fund is used to account for all activities of the general government not accounted for in some other fund, including the collection and disbursement of earmarked monies and the servicing of general long term debt. The Capital Projects Fund is used to account for the acquisition or construction of fixed assets financed, in whole or in part, through capital grants or general long term debt, other than those financed by the Water and Sewer Enterprise Fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds provide goods or services from such activities to outside parties.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a pension trust fund or an expendable trust fund is used. The term "expendable" refers to the fact that the District is not under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is, when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal on general long term debt is recorded as a fund liability when due. Interest on general long term debt is recorded as a fund liability when the amount has been incurred through the passage of time.

Those revenues susceptible to accrual are property taxes, sales and use taxes, income and franchise taxes, gross receipts taxes and interest revenue. Property taxes are recognized as revenue in the tax year for which they are levied, provided they are available. Sales and use taxes are recognized as revenue when the sales or use take place. Income, franchise and gross receipts taxes are recognized as revenue when the income is earned by the taxpayer. Interest is recognized as revenue through the passage of time.

Licenses and permits, fines and forfeits, charges for services, and other taxes are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The District reports deferred revenue in the accompanying balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The property tax year is from July 1 to June 30. Real property taxes are levied as of July 1 on property values assessed as of the preceding January 1. The tax levy is due and collectible in two equal installments on September 15 and March 31. On these dates, the bill becomes delinquent and penalties and interest may be assessed by the District. Real property taxes attach as an enforceable lien on property as of July 1 of the year after levy. One-half of the real property taxes due on September 15 is recognized as revenue in the current period and one-half is deferred and recognized as revenue in the following period.

D. BASIS OF BUDGETING

An annual appropriated budget is adopted for the General Fund on a basis not consistent with generally accepted accounting principles (GAAP) because expenditures financed by interfund charges for services, private gifts, intergovernmental grants and refunding bonds are excluded from the appropriation. All annual appropriations lapse at year end. A project-length financial plan is adopted for the Capital Projects Fund.

About February 1 of each year, the Mayor submits to the Council a proposed budget for the fiscal year commencing the following October 1. The Council holds public hearings and adopts a budget through passage of a budget request act. The Council may not adopt any budget in which expenditures and other financing uses exceed revenues and other financing sources.

About April 1 of each year, the Mayor approves the adopted budget and forwards it to the President of the United States for review. The Mayor may not forward any budget which is not balanced.

About April 15 of each year, the President submits the reviewed budget to Congress which conducts public hearings and enacts the budget and the authorized Federal payment in lieu of taxes through passage of an appropriation law.

Any revision that alters the total expenditures of any function must be approved by Congress. The appropriated budget amounts in the budgetary statement include a supplemental appropriation law enacted by Congress for the fiscal year. Appropriated actual expenditures and uses may not legally exceed appropriated budget expenditures and uses at the function level. An unfavorable variance in the budgetary statement (Exhibit 3) for an expenditure or other financing use is a violation of the Anti-Deficiency Act (31 U.S.C. 665).

Appropriated budget amounts may not be transferred between organizational units or between object categories within the same organizational unit except in accordance with the Reprogramming Policy Act (D.C. Code 47-361). The appropriated budget amounts in the budgetary statement include all reprogrammings approved during the fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Purchase orders and contracts are recorded to reserve that portion of the applicable appropriation in the governmental funds. Encumbrances lapse at year end in the General Fund but not in the Capital Projects Fund. Encumbrances outstanding at year end in the Capital Projects Fund do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The fund balance is "reserved for encumbrances" to indicate the portion that is available for expenditure upon vendor performance.

E. CASH AND INVESTMENTS

Cash from all funds is combined unless prohibited by law. Any cash which is not needed for immediate disbursement is used to purchase investments. The equity in the pooled cash and investments is accounted for as part of the fund to which it belongs.

The law (D.C. Code 47-341) authorizes the District to invest directly or through repurchase agreements in obligations of the United States or its agencies which are backed by the full faith and credit of the Federal government. Investments may not be held for more than 91 days. Pension trust funds may invest in fixed income or equity securities and other types of investments.

Investments are stated at the lower of cost or market value, except for investments in the Pension Trust Funds and the Deferred Compensation Agency Fund, which are stated at market value.

Investments are not expenditures/expenses when purchased and are not revenues when sold. The gains (losses) on the sale of investments are recorded as miscellaneous revenues.

F. INTERFUND RECEIVABLES AND PAYABLES

Quasi-external transactions are interfund events or conditions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District. They are accounted for as revenues and expenditures/expenses in the funds involved.

Reimbursements are payments to a fund for expenditures/expenses initially made from it that are properly applicable to another fund. They are recorded as expenditures/expenses in the paying fund and as reductions of expenditures/expenses in the receiving fund.

Operating transfers are legally authorized conveyances from a fund receiving revenues to the fund through which the revenues are to be spent.

Loans by a fund to another fund are not expenditures/expenses to the paying fund and are not revenues to the receiving fund.

Amounts which are due from/to other funds within one year are classified as current Interfund Receivables/Payables on the balance sheet. Amounts which are due from/to other funds after one year are classified as long term Interfund Receivables/Payables. The fund balance is "reserved for long term assets" to indicate the portion that is not available for expenditure within one year.

G. INVENTORIES

Inventories of supplies on hand at year end are stated at the lower of cost (using the first-in, first-out method) or market value. Supplies are recorded as expenditures/expenses when they are consumed or sold and not when they are purchased.

H. PREPAID AND DEFERRED CHARGES

In governmental funds, expenditures for future services are recorded as current expenditures. In proprietary funds, expenses for future services are recorded as prepaid charges if the benefits will extend over a period of five years or less. They are recorded as deferred charges if the benefits will extend for a period of more than five years.

In the General Fund, bond discounts and issuance costs are recognized in the current period as interest and fiscal charges, respectively. In the Water and Sewer Enterprise Fund, bond discounts and issuance costs are capitalized as deferred charges and amortized as fiscal charges over the term of the bonds. Refunding charges include bond discounts, issuance costs and defeasance balance (the difference between the payment to the escrow agent and the face amount of the refunded bonds). Refunding charges are recognized in the period of refunding.

I. FIXED ASSETS

General fixed assets are not capitalized in the General Fund or the Capital Projects Fund. Instead, capital outlays are reflected as expenditures in those funds and the related assets are reported in the General Fixed Assets Account Group. Proprietary fixed assets are capitalized in the funds which utilize the assets. All purchased fixed assets are stated at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are stated at their estimated fair market value on the date received.

The costs of maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Betterments are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Public domain (infrastructure) improvements, such as bridges, curbs, gutters, lights, sidewalks, streets, and similar assets, that are immovable and of value only to the District, are capitalized.

Depreciation of general fixed assets is accumulated in the General Fixed Assets Account Group and no expenditure is reported for this amount in the General Fund. Depreciation of proprietary fixed assets is reported as an operating expense in the funds which utilize the assets. Depreciation on proprietary fixed assets acquired through capital grants or by the university is closed to Contributed Capital and reported in the operating statements as an adjustment of net income (loss).

Depreciation is computed using the straight line method over the useful lives of the fixed assets which are estimated as follows.

Improvements	30 years
Utility plant	60 years
Buildings	30-50 years
Equipment	3-15 years
Transit system investment	33 years

Interest is capitalized on Water and Sewer Enterprise Fund assets constructed with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. RESTRICTED ASSETS AND LIABILITIES

All assets of fiduciary funds are restricted as to use by legal or contractual requirements. The accompanying balance sheet segregates restricted assets, and liabilities which are payable from restricted assets, from assets which are unrestricted and therefore are available for general purposes. Any excess of restricted assets over liabilities payable from restricted assets is reported as "reserved for net restricted assets" to indicate the portion of the fund balance that is available for trust purposes only.

K. COMPENSATED ABSENCES

Accumulated annual (vacation) leave of governmental funds that is expected to be liquidated with current financial resources is reported as an expenditure and liability of the General Fund. Accumulated annual leave that is not expected to be liquidated with current financial resources is reported in the General Long Term Liabilities Account Group. Accumulated annual leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Unused sick leave is credited at the rate of 22 days equal one month of service at the time of retirement and is added to years of service in the Civil Service Retirement System and in the District Retirement Program.

Accumulated overtime (compensatory) leave is recorded as an expenditure/expense and liability of the employing funds as the benefits accrue to employees.

L. LONG TERM LIABILITIES

Long term debt payable by the General Fund is recognized as a fund liability when due. For other general long term liabilities, only that portion expected to be financed from current financial resources is reported as a liability of the General Fund. The remaining portion of such debt and liabilities is reported in the General Long Term Liabilities Account Group. Long term liabilities expected to be financed from proprietary or fiduciary fund operations are accounted for in those funds.

The District has issued private activity bonds whose principal and interest are payable solely from defined revenues of private entities. The amount of these no-commitment bonds is not included in the accompanying financial statements.

Capital appreciation bonds are issued with a stated interest rate of zero percent. The interest is not paid until the bonds mature. To provide full disclosure, the interest is accreted over the lives of the bonds in the General Long Term Liabilities Account Group.

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14% of the revenues of the fiscal year in which the debt is issued.

M. CONTINGENT LIABILITIES

Loss contingencies may arise from the risk of uncollectibility of receivables, refundability of tax and grant revenues, claims, judgments and property losses. A loss contingency is accrued when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A loss contingency is not accrued, but is disclosed in the notes to the financial statements, if it is possible but not probable or if the amount cannot be reasonably estimated. A loss contingency is not accrued or disclosed if it is remote (except for guaranties of indebtedness of others).

N. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation because interfund eliminations and other appropriate consolidating entries have not been made in the aggregation of these data.

O. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying financial statements, except in the budgetary statement, in order to provide an understanding of changes in the District's financial position and operations. However, prior year totals by fund type have not been presented because their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2. CASH AND INVESTMENTS

A. CASH

At year end, the carrying amount of the District's deposits was $10,123 and the bank balance was $24,621. As required by law, the market value of securities collateralizing deposits was at least equal to the amount of cash deposited. All securities were held by the District or by others in the District's name.

B. INVESTMENTS

At year end, the carrying amount of the District's investments was $288,548 and the market value was $289,207. As required by regulation, the market value of securities underlying repurchase agreements was at least equal to the amount of cash invested. All securities were held by the District or by its agent in the District's name.

NOTE 3. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances for each individual fund at September 30, 1989 follow.

Fund	Receivables		Payables	
	Current	Long Term	Current	Long Term
Governmental:				
General	$ —	8,041	20,073	—
Trust:				
Unemployment compensation	1,107	—	—	—
Housing finance	—	—	—	8,041
Pension	18,966	—	—	—
Total	**$20,073**	**8,041**	**20,073**	**8,041**

General Fund charges for services to other funds were $37,431. The long term loans provide for repayment within 15 years from the Housing Finance Fund's excess of revenues over expenditures to the extent it is available outside of the lien of the bond indenture (Note 9).

NOTE 4. JOINT VENTURE

A. GENERAL INFORMATION

The Washington Metropolitan Area Transit Authority is a tax exempt joint venture created in 1967 by compact among Maryland, Virginia and the District pursuant to the "Capital Transportation Act." The Authority is responsible for the construction, financing and operation of mass transit facilities, consisting of a 103 mile, 87 station rapid rail and a 344 route bus transit system, in the counties of Montgomery and Prince George's in Maryland, the counties of Arlington and Fairfax and the cities of Alexandria, Fairfax and Falls Church in Virginia, and the District.

The Authority is a body corporate and politic which is governed by a board consisting of six directors, two each representing Maryland, Virginia and the District. The District's directors are appointed by the Council. The Authority does not have any stockholders, has no taxing power and is not subject to regulatory approval of its fare schedules.

The Authority's operating budget is adopted by the board after each participant has appropriated its share of the required operating and debt service grants for the coming fiscal year. The grants are recorded by the District as current expenditures in the General Fund.

Capital funds are provided through multiyear interim capital grant agreements that specify the amount due from each participant. Federal capital grants are contingent upon matching grants from the participants of 15% to 25%. The grants are recorded by the District as capital outlays in the Capital Projects Fund and accounted for in the General Fixed Assets Account Group as described in Note 5.

The participants are required to provide a stable and reliable source of revenues to finance the grant payments to the Authority. The revenues allocated by the District to the Authority are sales taxes on motor fuel, parking fees, hotel rooms and restaurant meals; traffic fines; and Federal grants for operating expenses of the Authority.

The District pays the Authority for taking public school students to and from schools or school-related activities by bus or rail. The payments are recorded by the District as current expenditures in the General Fund.

B. FINANCIAL INFORMATION

A summary balance sheet of the Authority at June 30, 1989 and 1988 follows.

	1989	1988
Current assets	$ 470,254	480,197
Fixed assets, net	5,541,322	5,382,934
Total assets	**$6,011,576**	**5,863,131**
Current liabilities	$ 455,023	473,132
Long term liabilities	993,736	993,594
Total liabilities	**1,448,759**	**1,466,726**
Fund equity	4,562,817	4,396,405
Total liabilities and fund equity	**$6,011,576**	**5,863,131**

A summary operating statement of the Authority for the years ended June 30, 1989 and 1988 follows.

	1989	1988
Operating revenues	$ 262,327	250,219
Operating expenses:		
Depreciation	135,481	136,290
All other	511,022	506,604
Total operating expenses	**646,503**	**642,894**
OPERATING INCOME (LOSS)	(384,176)	(392,675)
Nonoperating revenues	251,066	258,655
NET INCOME (LOSS)	**(133,110)**	**(134,020)**
Fund equity at July 1	4,396,405	4,239,304
Capital grants earned	299,522	291,121
Fund equity at June 30	**$4,562,817**	**4,396,405**
District expenditures:		
Operating grants	$ 94,785	85,741
Debt service grants	10,331	10,331
Capital grants	4,436	7,548
Total	**$ 109,552**	**103,620**

C. DEBT STRUCTURE

The debt of the Authority does not constitute debt of the District. The Authority issued the following bonds guaranteed by the Federal government.

Series	Issue Date	Due Date	Rate	Principal	Discount	Net
A	10/1/72	7/1/12	7.30%	$225,000	1,043	223,957
B	1/1/73	7/1/12	7.35	220,000	554	219,446
C	7/1/73	7/1/13	7.75	150,000	360	149,640
D	4/1/74	7/1/14	8.15	225,000	1,307	223,693
E	1/1/75	7/1/14	8.35	177,000	—	177,000
Total				**$997,000**	**3,264**	**993,736**

The payment of debt principal and interest is shared on the basis of two-thirds by the Federal government and one-third by the Authority. The payment of the Authority's share of the bond interest was provided by advances from the Federal government through July 1, 1982. Beginning then, the Authority is required to make annual sinking fund payments of $2,500. The interest rates on the advances range from 9.41% to 14.42%. The repayment of the advances before January 1, 1993 will be provided by future debt service grants from the participants to the Authority.

Advances and interest payable to the Federal government by the Authority at June 30, 1989 and 1988 were as follows.

	1989	1988
Advances	$1,400	1,400
Interest	1,800	1,600
Total	**$3,200**	**3,000**

NOTE 5. FIXED ASSETS

A. GENERAL FIXED ASSETS

A summary of changes in general fixed assets and resources invested follows.

Asset Class	Balance October 1, 1988	Acquisitions	Transfers/ Dispositions	Balance September 30, 1989
Land	$ 192,017	—	(21,518)	170,499
Improvements	1,182,673	—	83,123	1,265,796
Buildings	1,555,124	—	133,511	1,688,635
Equipment	221,638	15,134	12	236,784
Construction in progress	134,188	239,178	(225,561)	147,805
Transit system investment	451,279	—	8,389	459,668
Total	**3,736,919**	**254,312**	**(22,044)**	**3,969,187**
Less- accumulated depreciation	1,290,588	109,834	(9,891)	1,390,531
Net general fixed assets	**$2,446,331**	**144,478**	**(12,153)**	**2,578,656**
Governmental	$1,760,862	105,740	(11,073)	1,855,529
Intergovernmental	685,469	38,738	(1,080)	723,127
Total resources invested	**$2,446,331**	**144,478**	**(12,153)**	**2,578,656**

A summary of changes in general fixed assets by function follows.

Function	Balance October 1, 1988	Acquisitions	Transfers/ Dispositions	Balance September 30, 1989
Governmental direction and support	$ 49,237	1,077	(32,317)	17,997
Economic development and regulation	471,928	1,045	53,235	526,208
Public safety and justice	335,193	2,961	36,708	374,862
Public education system	664,285	5,361	8,058	677,704
Human support services	251,130	1,733	13,959	266,822
Public works	1,379,679	2,957	115,485	1,498,121
Construction in progress	134,188	239,178	(225,561)	147,805
Transit system investment	451,279	—	8,389	459,668
Total	**$3,736,919**	**254,312**	**(22,044)**	**3,969,187**

Acquisitions consist of expenditures from the General Fund for equipment and from the Capital Projects Fund for construction in progress. When a project is completed, costs in the construction in progress account are transferred to one or more of the other asset classes or are removed. The transit system investment is described in Note 4.

B. PROPRIETARY FIXED ASSETS

A summary of changes in proprietary fixed assets and contributed capital follows.

Asset Class	Balance October 1, 1988	Acquisitions	Transfers/ Dispositions	Balance September 30, 1989
Land	$ 31,971	—	—	31,971
Utility plant	759,634	392	34,936	794,962
Buildings	262,661	797	851	264,309
Equipment	92,618	14,941	298	107,857
Construction in progress	47,752	43,787	(37,814)	53,725
Total	**1,194,636**	**59,917**	**(1,729)**	**1,252,824**
Less- accumulated depreciation	315,183	30,003	(1,302)	343,884
Net proprietary fixed assets	**$ 879,453**	**29,914**	**(427)**	**908,940**
Governmental	$ 433,541	11,296	(4,870)	439,967
Intergovernmental	158,101	13,189	(2,805)	168,485
Total contributed capital	**$ 591,642**	**24,485**	**(7,675)**	**608,452**

Acquisitions consist of expenditures from proprietary funds ($48,772) and from the Capital Projects Fund ($9,041) plus interest capitalized ($2,104) for construction in progress.

C. CONSTRUCTION IN PROGRESS

A summary of construction in progress at September 30, 1989 by function follows.

Function	Number of Projects	Authorizations	Expenditures	Unexpended Balances
Governmental direction and support	6	$ 9,509	7,102	2,407
Economic development and regulation	7	28,898	3,962	24,936
Public safety and justice	41	164,892	56,983	107,909
Public education system	22	80,352	28,214	52,138
Human support services	56	110,150	35,192	74,958
Public works	35	64,972	16,352	48,620
Total general	**167**	**$458,773**	147,[illegible]	**310,968**
Water and sewer	4	$ 81,352	41,981	39,371
General hospital	6	41,316	8,194	33,122
Convention center	2	1,046	33	1,013
University	5	90,054	3,517	86,537
Total proprietary	**17**	**$213,768**	**53,725**	**160,043**

NOTE 6. LONG TERM LIABILITIES

A. LONG TERM DEBT

Long term debt at year end was comprised of 217 original 30-year serial intergovernmental notes payable to the Federal government, with interest rates from 3.00% to 8.25%; and 6 original ($706,470) and 8 refunding ($1,177,282) issues of 15-year serial/20-year term general obligation bonds payable to the public, with interest rates from 5.00% to 9.50%. These bonds are secured by the full faith and credit of the District and by deposits with banks of a special real property tax for payment of bond principal and interest. At year end, the cash with fiscal agents was $91,821.

During the year, the District issued general obligation tax revenue anticipation notes in the amount of $250,000 with interest rates from 7.50% to 6.00%. The principal and interest were paid on September 29, 1989 by the General Fund. Interest and fiscal agent's fees were $9,220.

A summary of changes in long term debt follows.

	Enterprise		General		
	Notes	Bonds	Notes	Bonds	Total
Debt payable at October 1, 1988	**$ 67,752**	**235,050**	**617,573**	**1,498,515**	**2,418,890**
Bond proceeds:					
Series 1989A (Improving)	—	6,038	—	163,142	169,180
Series 1989B (Refunding)	—	22,579	—	194,903	217,482
Total	**67,752**	**263,667**	**617,573**	**1,856,560**	**2,805,552**
Debt payments:					
Principal matured	5,617	6,875	27,958	43,785	84,235
Principal refunded	—	19,291	—	166,524	185,815
Debt payable at September 30, 1989	**62,135**	**237,501**	**589,615**	**1,646,251**	**2,535,502**
Less - current maturities	3,485	8,025	—	—	11,510
Long term debt	**$ 58,650**	**229,476**	**589,615**	**1,646,251**	**2,523,992**

A summary of principal and interest requirements to maturity of long term debt payable follows.

	Enterprise		General		
Year Ending September 30	Principal	Interest	Principal	Interest	Total
1990	$ 11,510	21,416	84,923	156,672	274,521
1991	11,907	20,794	89,426	151,174	273,301
1992	12,600	20,037	95,224	145,348	273,209
1993	12,927	19,215	99,751	140,579	272,472
1994	13,774	18,344	103,904	132,563	268,585
1995-1999	79,286	75,970	623,951	549,287	1,328,494
2000-2004	98,973	44,837	733,735	360,623	1,238,168
2005-2018	58,659	10,365	404,952	63,266	537,242
Total	**$299,636**	**230,978**	**2,235,866**	**1,699,512**	**4,465,992**

Refunding bond proceeds of $217,482, less bond discount of $2,017 and issuance costs of $4,767, plus cash of $1,096, were used to advance refund bond principal of $185,815. The Water and Sewer Enterprise Fund's portion of the proceeds was $22,579. The net proceeds of $211,794 were used to purchase United States government obligations which were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments. Based on the provisions in the bond indentures, the principal of the Series 1985B Bonds maturing on June 1, 1998 and 2004 ($59,455) and the principal of the Series 1985C Bonds maturing on June 1, 1998 and 2005 ($126,360) are legally satisfied and no longer deemed to be outstanding. Although the advance refunding resulted in an increase in long term debt of $31,667, the District reduced its total debt service requirements by $14,547 over the next 16 years and obtained an economic gain (difference between the present values of the old and new debt service requirements) of $9,542. The effect of the refunding on the enterprise fund's net income was not material. The proceeds included $34,997 of capital appreciation serial bonds having a maturity value of $78,000.

B. OTHER LONG TERM LIABILITIES

A summary of changes in other long term liabilities follows.

Account	Balance October 1, 1988	Additions	Deductions	Balance September 30, 1989
Enterprise:				
Contracts	$ 27,027	5,991	2,328	30,690
General:				
Accrued pension cost (Note 9)	2,261,785	190,583	—	2,452,368
Accrued disability compensation	243,027	—	25,612	217,415
Accumulated annual leave	49,705	4,682	—	54,387
Accreted interest	—	853	—	853
Miscellaneous	5,083	—	1,217	3,866
Total	**$2,586,627**	**202,109**	**29,157**	**2,759,579**

NOTE 7. POSTEMPLOYMENT BENEFITS

The cost of providing postretirement health care and life insurance for employees hired before October 1, 1987 is borne by the Federal government and the District has no liability for this cost. Employees hired after September 30, 1987 who subsequently retire may continue their health care benefit plan (D.C. Code 1-622) and may convert their group life insurance to individual life insurance (D.C. Code 1-623). No liability for the District's portion of the cost of postretirement benefits is recorded and the cost is recognized as an expenditure when the premiums are incurred. During the year, no expenditures were recognized because there were no covered retirees. At September 30, 1989, there were 5,634 active employees potentially eligible for postretirement health care and life insurance benefits.

NOTE 8. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains six enterprise funds which sell services to the public on a continuing basis. Financial segment information for the year ended September 30, 1989 was as follows.

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Total
Operating revenues:							
Gross	$196,830	140,443	7,502	7,440	142,644	7,592	502,451
Deductions	—	73,964	—	—	74,296	—	148,260
Depreciation expense	15,028	4,942	956	3,145	1,062	4,870	30,003
Operating income (loss)	45,367	(51,569)	950	(10,571)	50,322	(93,125)	(58,626)
Nonop revenues (expenses)	(23,658)	—	—	86	3,013	12,334	(8,225)
Operating transfers in (out)	—	44,430	(1,000)	8,597	(53,000)	74,310	73,337
Net income (loss)	21,709	(7,139)	(50)	(1,888)	335	(6,481)	6,486
Total assets	824,614	79,402	18,224	105,284	12,280	121,429	1,161,233
Working capital (deficit)	100,819	10,349	5,976	(2,321)	(966)	18,458	132,315
Long term liabilities	314,866	—	—	—	3,950	—	318,816
Fund equity	455,719	59,944	17,004	101,898	2,135	102,552	739,252
Capital contributions	13,189	6,927	—	33	—	4,336	24,485
Fixed asset acquisitions	40,129	7,522	868	1,226	6,024	4,148	59,917
Fixed asset dispositions	26	93	301	7	—	—	427

NOTE 9. DETAILED INFORMATION FOR TRUST AND AGENCY FUNDS

A. UNEMPLOYMENT COMPENSATION

The District sponsors the Unemployment Compensation System which is administered by the Unemployment Compensation Board and is accounted for as a separate Unemployment Compensation Trust Fund. The fund pays benefits to unemployed former employees of the District and Federal governments and private employers carrying on employment in the District. The District and Federal governments reimburse the fund for benefits paid by it to their respective unemployed former employees. Private employers contribute to the fund at statutory rates. All administrative costs of the system are paid by the General Fund and reimbursed by a Federal grant.

B. HOUSING FINANCE

The District sponsors the Housing Finance Program which is administered by the Housing Finance Agency and is accounted for as a separate Housing Finance Trust Fund. The fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The principal and interest of bonds issued by the fund are not general obligations of the District and are payable solely from defined revenues and assets of the fund. Administrative costs of the program are financed by the fund and by operating transfers and loans to the fund from the General Fund.

C. PENSION

Plan Descriptions

The Federal government administers the Civil Service Retirement System (5 U.S.C. 8331) which covers permanent full-time employees hired before October 1, 1987 (except those covered by the District Retirement Program) and the Social Security System (42 U.S.C. 301) which covers all other employees (except those covered by the District Retirement Program).

District contributions to the pension plans administered by the Federal government, for the years ended September 30, 1989 and 1988, equaled employee contributions and were as follows. The District has no further liability to these plans.

Plan	Rate	Employees	1989	1988
Civil Service	7.00%	27,856	$ 59,598	59,901
Social Security	7.51	11,817	16,752	11,836
Total		**39,673**	**$ 76,350**	**71,737**
Total payroll			$1,627,282	1,546,180

The District Retirement Program (D.C. Code 4-601, 11-1561, 31-1201) is a single employer defined benefit pension plan administered by the Retirement Board and accounted for as pension trust funds. Administrative costs of the program are financed by the General Fund and operating transfers to the General Fund from the Pension Trust Funds.

The District Retirement Program covers four classes of employees who contribute a percentage of their salary. The number of participants at September 30, 1989 was as follows.

Class	Rate	Retired	Vested	Nonvested	Total
Judges	3.50%	47	18	43	108
Police officers/Fire fighters	7.00	5,566	4,453	1,025	11,044
Teachers	7.00	3,549	5,767	1,657	10,973
Total		**9,162**	**10,238**	**2,725**	**22,125**

Teachers who retire at age 55 with 30 years of service, at 60 with 20 years, or at 62 with 5 years are entitled to an annual annuity, payable monthly for life, equal to 1.5% of their average salary for the highest consecutive 3 years for each year of service up to 5 years, 1.75% for each year over 5 years, and 2% for each year over 10 years, up to a maximum of 80%, excluding credit for unused sick leave. Somewhat different age and service formulas are established for judges, police officers and fire fighters. The program also provides death and disability benefits. Benefits vest upon reaching 5 years of service and increase after retirement based upon inflation. Refunds are made if separation occurs before 5 years of service.

Contributions Made

On January 2, 1975, when the District of Columbia Self-Government and Governmental Reorganization Act became effective, the unfunded actuarial liability under the District Retirement Program was $1.9 billion. The Retirement Reform Act (D.C. Code 1-701) authorized the Federal government to make 25 annual contributions of $52,070 to the Pension Trust Funds from 1980 through 2004. These contributions total $1.3 billion and had a present value in 1975 of $486,800, using a 7% rate of interest. The present value of the future Federal obligation at September 30, 1989 was $507,446. The amount is included in Intergovernmental Receivable in the balance sheet of the trust and agency funds.

The Retirement Reform Act also provided that, for each year before 2005, the District will pay to the Pension Trust Funds a sum equal to normal cost (portion of benefits allocated to a valuation year) plus interest on the unfunded actuarial liability or net pay-as-you-go cost (benefit payments less employee contributions), whichever is less, plus annual amortization. An amount is calculated each year to amortize with interest, over a 10 year period, the difference between the projected unfunded actuarial liability as of September 30, 2004 and the unfunded actuarial liability at September 30, 1979 increased by the inflation assumption to September 30, 2004. The actual annual amortization payment may not exceed 30% (10% for police officers and fire fighters) of the net pay-as-you-go cost. In 1989, amortization over 10 years would have been $161,700 without the percentage limitation. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to cover normal cost plus interest on the unfunded actuarial liability.

The District contributions to the Pension Trust Funds for the years ended September 30, 1989 and 1988 were determined under the Retirement Reform Act on the entry age normal actuarial cost method before October 1 of each year as follows.

Component	1989	1988
(1) Normal cost plus interest:		
Normal cost	$104,347	115,272
Interest on unfunded actuarial liability	315,100	307,200
Total	**419,447**	**422,472**
(2) Net pay-as-you-go cost	**178,300**	**165,100**
(3) Mandatory contribution:		
Lesser of (1) or (2)	178,300	165,100
Annual amortization	15,400	14,800
Subtotal	**193,700**	**179,900**
(4) Voluntary contribution	609	410
District contribution made	**$194,309**	**180,310**
Employee contribution made	$ 34,840	30,724

Pension Cost

Pension cost is the contribution required by the Pension Trust Funds in order for them to accumulate sufficient assets to pay benefits when due. The pension cost, for the years ended September 30, 1989 and 1988, based on the unit credit actuarial cost method with amortization over a 25 year period, was as follows.

Component	1989	1988
Normal cost	$121,604	137,301
Interest on unfunded actuarial liability	214,335	203,438
Amortization of unfunded actuarial liability	48,953	60,612
Pension cost	**$384,892**	**401,351**
Covered payroll	$444,545	395,806

Pension cost, less District contribution made, was added each year to accrued pension cost in the General Long Term Liabilities Account Group.

Significant actuarial assumptions used to determine pension contributions, costs and obligations were as follows.

Assumption	1989	1988
Rate of return on investments	7%	7%
Salary inflation increase	5	5
Salary merit increase	2	2
Postretirement benefit increase	5	5

Funding Status

The pension benefit obligation (actuarial present value of projected benefits, based on salary increases and step-rate benefits, allocated to service to date) of the District Retirement Program and the market value of the net assets available for benefits were determined at September 30, 1989 as follows.

Component	1989	1988
Retired employees	$3,290,649	3,029,035
Current employees:		
Employee contributions	286,061	266,038
District financed:		
Vested	1,965,991	2,233,397
Nonvested	872,538	583,569
Total pension benefit obligation	**6,415,239**	**6,112,039**
Net assets available for benefits	1,938,226	1,672,048
Unfunded pension benefit obligation	**$4,477,013**	**4,439,991**

Retired employees include retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them. Employee contributions include allocated investment earnings.

Trend Information

A schedule of pension contributions, costs and obligations expressed as a percentage of annual covered payrolls, and net assets available for benefits expressed as a percentage of total pension benefit obligations, for the years ended September 30, 1989, 1988 and 1987, follows.

Indicator	1989	1988	1987
District contribution made	43.7%	45.6%	47.0%
Employee contribution made	7.8	7.8	7.7
Pension cost	86.6	101.4	97.3
Unfunded pension benefit obligation	1,007.1	1,121.8	1,141.3
Net assets available for benefits	30.2	27.4	27.8

Historical trend information, designed to show progress made in accumulating sufficient assets to pay benefits when due, is presented in the component unit financial statements issued by the Pension Trust Funds.

Supplementary Plans

The District sponsors a defined contribution plan (D.C. Code 1-627) with a qualified trust under Internal Revenue Code section 401 for permanent full-time employees covered by the Social Security System. The District contributes 7% of base salaries each quarter. Employees do not contribute to the plan and are eligible to participate after 1 year of service. Contributions made for the year ended September 30, 1989 of $1,700 were 7% of the covered payroll of $24,285. Contributions and earnings vest fully after 5 years of service. Contributions are reduced if separation occurs before 5 years of service. Contributions are not assets of the District which has no further liability to this plan.

The District sponsors an annuity purchase plan (D.C. Code 31-1252) with insurance companies and other issuers under Internal Revenue Code section 403 for public school teachers covered by the District Retirement Program. Employees may defer up to $9,500 of their annual compensation. The District does not contribute to the plan. Contributions vest immediately and are not assets of the District which has no liability to this plan.

D. DEFERRED COMPENSATION

The District sponsors a deferred compensation plan (D.C. Code 47-3601) which is administered by independent contractors under Internal Revenue Code section 457 and is accounted for as a separate Deferred Compensation Agency Fund. Employees, other than teachers, may defer up to 25% of the first $30,000 of their annual compensation. Compensation deferred and income earned are taxable when paid or made available to the participant or beneficiary upon retirement, death, termination or unforeseeable emergency. The plan assets are the property of the District and are subject to the claims of the District's general creditors. The District is liable to a participant only for income lost because of its failure to invest a deferred amount as directed by the participant.

The market value of the plan assets at September 30, 1989 of $55,343 is included in restricted Cash and Investments and in Other Restricted Liabilities in the balance sheet of the trust and agency funds.

NOTE 10. INTERGOVERNMENTAL TRANSACTIONS

A. PAYMENT IN LIEU OF TAXES

The Federal payment to the District is in lieu of taxes it would have had to pay had it been subject to taxation and for costs incurred by the District for special purposes. About February 1 of each year, the Mayor submits to the Council a requested Federal payment for the fiscal year commencing the following October 1. After action by the Council, the Mayor submits the request to the President for submission to Congress. The amount authorized by Congress to be appropriated as the Federal payment is based upon studies of revenues lost and costs incurred because of the Federal presence and the tax burden on District residents relative to other comparable jurisdictions.

The Federal contribution to the Pension Trust Funds is described in section C of Note 9 and to the Water and Sewer Enterprise Fund in section D of this note.

A summary of the Federal payment to the General Fund for the years ended September 30, 1989 and 1988 follows.

Purpose	1989	1988
General purpose	$430,500	430,500
Saint Elizabeths hospital	20,000	29,000
Inaugural activities	3,300	—
Total	**$453,800**	**459,500**

B. OPERATING GRANTS

The District participates in Federal grant-in-aid programs. A summary of operating grants for the years ended September 30, 1989 and 1988 follows.

Function	1989	1988
Governmental direction and support	$ 62	53
Economic development and regulation	98,245	113,625
Public safety and justice	4,593	1,719
Public education system	54,182	51,951
Human support services	372,580	385,358
Public works	3,305	2,491
Total general	**532,967**	**555,197**
University	4,660	4,955
Total	**$537,627**	**560,152**

C. CAPITAL GRANTS

Federal capital grants are used for the purchase or construction of fixed assets. Capital grants, except for water and sewer facilities, are recorded as intergovernmental revenues in the Capital Projects Fund. Capital grants for water and sewer facilities are recorded as Contributed Capital in the Water and Sewer Enterprise Fund. A summary of capital grants for the years ended September 30, 1989 and 1988 follows.

Function	1989	1988
Economic development and regulation	$ 10,317	6,799
Public safety and justice	—	84
Human support services	2,188	3,474
Public works	60,496	92,330
Total general	**73,001**	**102,687**
Water and sewer	13,189	16,604
Total	**$ 86,190**	**119,291**

D. WATER AND SEWER SERVICES

The Federal contribution to the Water and Sewer Enterprise Fund was $32,040 in 1989 and $40,500 in 1988 for water and sanitary sewer services furnished to facilities of the Federal government.

The District exercises no oversight responsibility over the Washington Aqueduct which is owned by the Federal government and operated by the United States Army Corps of Engineers. The District compensates the Federal government for all operating expenses and capital outlays of the Washington Aqueduct. The capital outlays are capitalized and depreciated over 60 years in the Water and Sewer Enterprise Fund. A summary of costs incurred for the years ended September 30, 1989 and 1988 follows.

Purpose	1989	1988
Operating expenses	$13,639	14,585
Capital outlays	1,375	1,978
Total	**$15,014**	**16,563**

NOTE 11. COMMITMENTS

Minimum future rental payments for all operating leases having noncancelable terms in excess of one year are as follows.

Year	Facilities	Equipment	Total
1990	$ 32,281	158	32,439
1991	31,180	156	31,336
1992	28,527	94	28,621
1993	24,134	49	24,183
1994	18,543	—	18,543
Thereafter	131,629	—	131,629
Total	**$266,294**	**457**	**266,751**

Rental expenditures were $39,313 in 1989 and $38,400 in 1988. There were no material capital leases. Grants for mass transit are described in Note 4. Unexpended balances of construction in progress are described in Note 5.

NOTE 12. CONTINGENT LIABILITIES

A. RISK MANAGEMENT

The District retains all risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. A claim is accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

A summary of changes in the accrued liability for claims in the General Fund follows. The liability includes an estimate of claims that have been incurred but not reported.

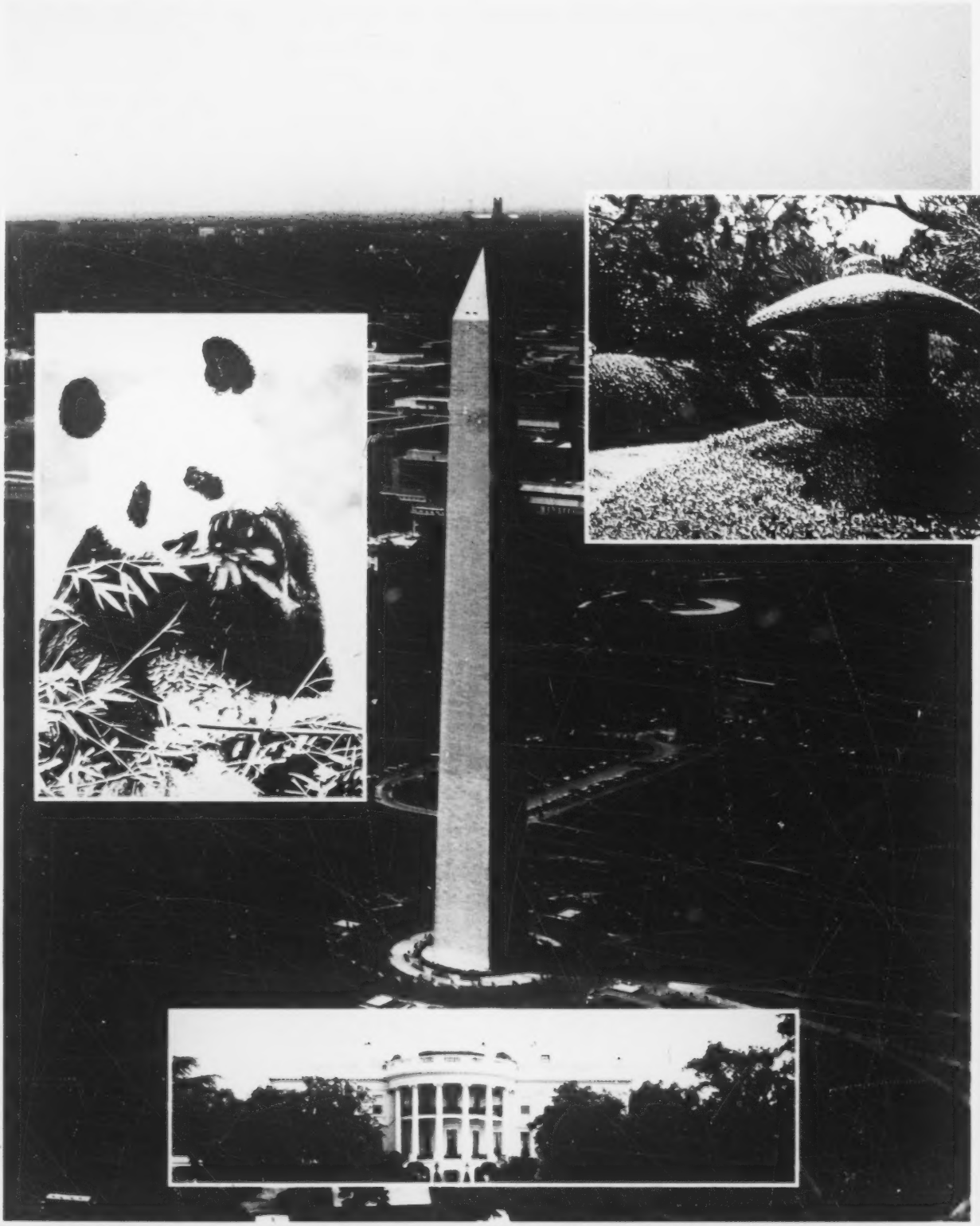
Component	1989	1988
Liability at October 1	**$20,500**	**11,000**
Incurred claims	17,762	23,486
Less- claim payments	17,762	13,986
Liability at September 30	**$20,500**	**20,500**

No accrual has been provided for possible but not probable additional claims which are reasonably estimated at $29,150. Assets are not set aside to finance claim payments.

B. FEDERALLY ASSISTED PROGRAMS

The District participates in a number of Federally assisted grant programs as described in Note 10. These grants are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for the year ended September 30, 1989 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. An accrual of $28,500 in the General Fund has been provided which reasonably estimates the probable amount of expenditures that may be disallowed by the granting agencies.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



Where the District has more than one fund of a given type, combining statements for all funds of that type are presented in columnar format. Where the District has only one fund of a given type, individual fund statements are presented with prior year comparisons. Where greater detail for information reported in the statements is deemed useful, schedules are presented.

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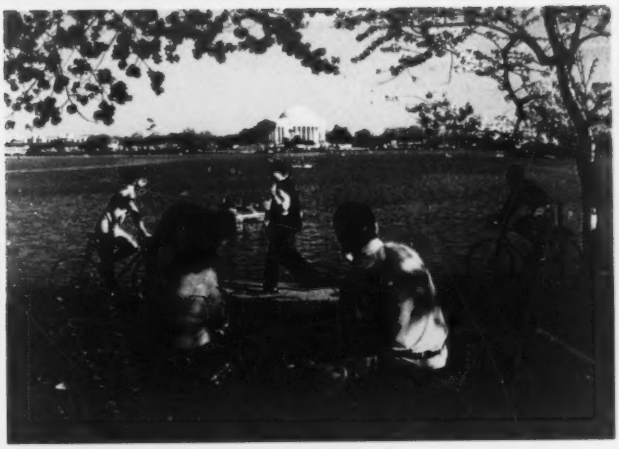

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GENERAL FUND

The General Fund is used to account for all financial resources which are not required to be accounted for in another fund. All fixed assets of the District except those related to specific proprietary funds are accounted for through the General Fixed Assets Account Group. All long term liabilities of the District except those related to specific proprietary and fiduciary funds are accounted for through the General Long Term Liabilities Account Group.

Exhibit A-1

GENERAL FUND

COMPARATIVE BALANCE SHEETS

September 30, 1989 and 1988
($000s)

	1989	1988
ASSETS		
Current Assets:		
Cash and investments (note 2)	$ 85,885	91,552
Receivables (net of allowances for uncollectibles):		
Taxes	201,710	164,315
Accounts	34,409	35,539
Intergovernmental	136,068	122,538
Inventories	26,332	24,571
Other current assets	—	1,250
Total current assets	484,404	439,765
Long Term Assets:		
Receivables:		
Accounts	5,585	7,770
Loans	36,225	22,784
Interfund (note 3)	8,041	6,952
Total long term assets	49,851	37,506
Total assets	**$534,255**	**477,271**
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Payables:		
Accounts	$137,878	130,056
Compensation:		
Salaries and wages	103,645	98,946
Employee benefits	6,930	5,471
Payroll taxes	2,059	4,568
Overtime leave	1,923	1,923
Annual leave	25,676	27,524
Other deductions	115	689
Intergovernmental	39,152	40,891
Interfund (note 3)	20,073	18,403
Accrued liabilities:		
Claims and judgments	20,500	20,500
Grant disallowances	28,500	25,500
Interest	39,264	37,274
Tax overcollections	3,186	5,636
Other accruals	44,826	36,826
Deferred revenue:		
Property taxes	211,209	199,291
Intergovernmental grants	16,520	5,983
Other deferrals	34,250	23,012
Other current liabilities	11,952	13,650
Total liabilities	**747,658**	**696,143**
Fund Balances:		
Reserved for long term assets	49,851	37,506
Unreserved (deficit)	(263,254)	(256,378)
Total fund balances	**(213,403)**	**(218,872)**
Total liabilities and fund balances	**$534,255**	**477,271**

The accompanying notes are an integral part of this statement.

Exhibit A-2

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1989 and 1988
($000s)

	1989	1988
Revenues:		
Taxes:		
Property	$ 710,766	609,425
Sales and use	507,169	468,942
Income and franchise	759,883	744,326
Gross receipts	136,680	103,285
Other	90,100	95,934
Licenses and permits	33,069	31,601
Fines and forfeits	45,511	41,594
Charges for services	125,756	124,943
Miscellaneous	93,490	129,664
Intergovernmental (note 10):		
Payment in lieu of taxes	453,800	459,500
Operating grants	532,967	555,197
Total revenues	3,489,191	3,364,411
Expenditures:		
Current:		
Governmental direction and support	147,014	148,194
Economic development and regulation	258,969	251,594
Public safety and justice	928,983	886,537
Public education system	658,857	627,393
Human support services	1,097,031	1,258,995
Public works	270,089	265,980
Employee benefits addition (deduction)	(169,653)	(353,854)
Debt service:		
Principal	71,743	66,630
Interest	153,555	148,783
Fiscal charges	3,550	1,916
Total expenditures	3,420,138	3,302,168
EXCESS OF REVENUES OVER EXPENDITURES	69,053	62,243
Other Financing Sources (Uses):		
Proceeds (payment) of:		
Refunding bonds	194,903	100,159
Refunded debt	(166,524)	(83,703)
Refunding charges	(29,312)	(16,456)
Operating transfers in (out):		
Capital Projects Fund	5,813	(481)
General Hospital Fund	(44,430)	(41,930)
Starplex	1,000	—
Convention Center Fund	(8,597)	(6,758)
Lottery and Games Fund	53,000	42,500
University Fund	(74,310)	(71,667)
Housing Finance Fund	(29)	(1,825)
Pension Funds	4,902	3,639
Total other financing sources (uses)	(63,584)	(76,522)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	**5,469**	**(14,279)**
Fund Balances (Deficit) at October 1	**(218,872)**	**(204,593)**
Fund Balances (Deficit) at September 30	**$ (213,403)**	**(218,872)**

The accompanying notes are an integral part of this statement.

Exhibit A-3

GENERAL FUND

SCHEDULE OF REVENUES BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1989 ($000s)

Source	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Taxes:			
Property:			
Real	$ 630,200	638,218	8,018
Personal	63,000	63,404	404
Public space rental	8,400	9,144	744
Total	701,600	710,766	9,166
Sales and use:			
General	431,100	428,763	(2,337)
Alcoholic beverages	6,950	6,215	(735)
Cigarette	10,400	9,383	(1,017)
Hotel occupancy	6,350	6,489	139
Motor fuel	30,100	29,550	(550)
Motor vehicle	29,300	26,769	(2,531)
Total	514,200	507,169	(7,031)
Income and franchise:			
Individual income	610,660	603,469	(7,191)
Corporation franchise	134,900	125,144	(9,756)
Unincorporated business	30,200	31,270	1,070
Total	775,760	759,883	(15,877)
Gross receipts:			
Public utility	75,600	95,497	19,897
Toll telecommunication	12,000	10,981	(1,019)
Insurance companies	28,000	30,202	2,202
Total	115,600	136,680	21,080
Other:			
Inheritance and estate	17,500	24,678	7,178
Recordation	38,700	37,637	(1,063)
Transfer	30,500	27,785	(2,715)
Total	86,700	90,100	3,400
Total taxes	2,193,860	2,204,598	10,738
Licenses and permits:			
Business licenses	17,319	16,743	(576)
Nonbusiness permits	18,042	16,326	(1,716)
Total	35,361	33,069	(2,292)
Fines and forfeits	44,512	45,511	999
Charges for services:			
Court fees	4,185	4,565	380
Parking meters	11,000	10,418	(582)
Other	42,510	31,983	(10,527)
Total	57,695	46,966	(10,729)
Miscellaneous:			
Interest	20,999	21,423	424
Abandonments	3,629	4,670	1,041
Other	13,733	10,366	(3,367)
Total	38,361	36,459	(1,902)
Intergovernmental:			
Payment in lieu of taxes	453,800	453,800	—
Total revenues	**$2,823,589**	2,820,403	(3,186)

The accompanying notes are an integral part of this schedule.

Exhibit A-4

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1989 ($000s)

Function and Subfunction	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Governmental direction and support:			
Legislative	$ 10,023	9,847	176
Executive	13,195	13,144	51
Finance	49,078	49,027	51
Personnel	20,089	22,177	(2,088)
Administrative	28,159	27,507	652
Elections	3,544	3,459	85
Total	124,088	125,161	(1,073)
Economic development and regulation:			
Community development	25,075	22,452	2,623
Public housing	24,821	24,775	46
Economic regulation	38,129	37,892	237
Employment services	36,132	35,801	331
Total	124,157	120,920	3,237
Public safety and justice:			
Police	332,821	333,028	(207)
Fire	91,152	89,861	1,291
Correction	209,758	220,509	(10,751)
Protection	3,858	3,531	327
Law	41,100	41,028	72
Judicial	82,880	79,788	3,092
Total	761,569	767,745	(6,176)
Public education system:			
Schools	529,424	529,421	3
Culture	21,869	21,626	243
Total	551,293	551,047	246
Human support services:			
Health and welfare	653,688	673,939	(20,251)
Human relations	17,714	17,466	248
Employment benefits	26,498	23,471	3,027
Recreation	30,329	29,960	369
Total	728,229	744,836	(16,607)
Public works	207,268	205,566	1,702
Unallocated addition (rescission)	(14,515)	—	(14,515)
Debt service:			
Principal	72,292	71,743	549
Interest	157,670	154,865	2,805
Fiscal charges	—	—	—
Total	229,962	226,608	3,354
Financing uses:			
Operating transfers	91,538	78,033	13,505
Total expenditures and uses	**$2,803,589**	**2,819,916**	**(16,327)**

The accompanying notes are an integral part of this schedule.

Exhibit A-5

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES FUNCTION AND OBJECT (GAAP BASIS)

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

Function and Subfunction	Personal Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals 1989	Totals 1988
Governmental direction and support:							
Legislative	$ 7,272	596	108	221	1,615	9,812	9,048
Executive	9,695	1,130	131	558	623	12,137	11,894
Finance	34,378	4,750	801	935	11,175	52,039	50,691
Personnel	17,391	5,668	193	561	3,217	27,030	25,424
Administrative	19,221	14,515	1,125	7,460	449	42,770	47,700
Elections	2,401	475	63	143	144	3,226	3,437
Total	90,358	27,134	2,421	9,878	17,223	147,014	148,194
Economic development and regulation:							
Community development	18,885	30,205	260	1,966	5,284	56,600	24,932
Public housing	24,486	7,189	1,845	18,035	42,141	93,696	113,927
Economic regulation	33,559	3,804	361	1,554	1,926	41,204	42,247
Employment services	29,541	2,677	372	2,655	32,224	67,469	70,488
Total	106,471	43,875	2,838	24,210	81,575	258,969	251,594
Public safety and justice:							
Police	395,728	6,027	4,533	3,682	4,713	414,683	404,333
Fire	153,429	2,354	1,702	1,443	1,690	160,618	152,205
Correction	133,411	8,635	21,311	8,722	52,777	224,856	200,357
Protection	3,355	488	73	175	123	4,214	3,878
Law	16,036	19,497	384	1,126	6,467	43,510	47,920
Judicial	52,664	24,418	619	818	2,583	81,102	77,844
Total	754,623	61,419	28,622	15,966	68,353	928,983	886,537
Public education system:							
Schools	555,960	15,500	17,863	20,216	26,646	636,185	607,007
Culture	14,277	1,257	288	1,378	5,472	22,672	20,386
Total	570,237	16,757	18,151	21,594	32,118	658,857	627,393
Human support services:							
Health and welfare	314,958	73,588	18,404	33,939	602,622	1,043,511	1,055,175
Human relations	3,190	16,508	93	254	1,188	21,233	18,770
Employment benefits	(2,140)	—	—	—	—	(2,140)	150,272
Recreation	27,007	2,591	1,868	1,619	1,342	34,427	34,778
Total	343,015	92,687	20,365	35,812	605,152	1,097,031	1,258,995
Public works	93,865	45,321	7,996	10,170	112,737	270,089	265,980
Employee benefits addition (deduction):							
Governmental direction and support	(171)	—	—	—	—	(171)	(100)
Economic development and regulation	(354)	—	—	—	—	(354)	(86)
Public safety and justice	(148,842)	—	—	—	—	(148,842)	(164,931)
Public education system	(45,317)	—	—	—	—	(45,317)	(56,507)
Human support services	25,151	—	—	—	—	25,151	(132,297)
Public works	(120)	—	—	—	—	(120)	67
Total	(169,653)	—	—	—	—	(169,653)	(353,854)
Debt service	—	—	—	—	228,848	228,848	217,329
Financing uses	—	—	—	—	63,584	63,584	76,522
Total expenditures and uses	**$1,788,916**	**287,193**	**80,393**	**117,630**	**1,209,590**	**3,483,722**	**3,378,690**

The accompanying notes are an integral part of this schedule.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the purchase of fixed assets which are wholly or partly financed by capital grants or general long term debt and for the construction of fixed assets, other than those financed by the Water and Sewer Enterprise Fund. The Capital Projects Fund is not used to account for the purchase of general fixed assets which are financed wholly by the General Fund or by proprietary funds.

Fixed assets are capitalized in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Expenditures for items which are below the minimum cost or life of a fixed asset unit are not capitalized.

Exhibit B-1

CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEETS

September 30, 1989 and 1988
($000s)

	1989	1988
ASSETS		
Current Assets:		
Cash (note 2)	$ 77,615	90,479
Intergovernmental receivable	25,508	36,607
Total assets	**$103,123**	**127,086**
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable	$ 34,189	33,313
Deferred revenue	32,345	39,295
Total liabilities	**66,534**	**72,608**
Fund Balances:		
Reserved for encumbrances	**36,589**	**54,478**
Total liabilities and fund balances	**$103,123**	**127,086**

The accompanying notes are an integral part of this statement.

Exhibit B-2

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1989 and 1988
($000s)

	1989	1988
Revenues:		
Intergovernmental (note 10):		
Capital grants	$ 73,001	102,687
Expenditures:		
Capital outlay:		
General fixed assets	239,178	276,875
Proprietary fixed assets	9,041	4,857
Total expenditures	248,219	281,732
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(175,218)	(179,045)
Other Financing Sources:		
Proceeds of improving bonds	163,142	91,929
Operating transfers in (out):		
General Fund	(5,813)	481
Total other financing sources	157,329	92,410
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	**(17,889)**	**(86,635)**
Fund Balances at October 1	**54,478**	**141,113**
Fund Balances at September 30	**$ 36,589**	**54,478**

The accompanying notes are an integral part of this statement.

Exhibit B-3

CAPITAL PROJECTS FUND

SCHEDULE OF CONSTRUCTION IN PROGRESS

September 30, 1989
($000s)

Function and Subfunction	Number of Projects	Author-izations	Expenditures			Unexpended Balances
			Prior Years	Current Year	Total	
GENERAL						
Governmental direction and support:						
Executive	1	$ 3,278	787	1,979	2,766	512
Administrative	5	6,231	2,810	1,526	4,336	1,895
Total	6	9,509	3,597	3,505	7,102	2,407
Economic development and regulation:						
Community development	7	28,898	2,641	1,321	3,962	24,936
Public safety and justice:						
Police	3	8,847	2,697	988	3,685	5,162
Fire	8	12,415	715	699	1,414	11,001
Correction	18	123,457	20,606	21,730	42,336	81,121
Protection	2	2,120	12	812	824	1,296
Judicial	10	18,053	5,472	3,252	8,724	9,329
Total	41	164,892	29,502	27,481	56,983	107,909
Public education system:						
Schools	18	74,477	14,388	9,899	24,287	50,190
Culture	4	5,875	1,054	2,873	3,927	1,948
Total	22	80,352	15,442	12,772	28,214	52,138
Human support services:						
Health and welfare	19	51,263	15,416	9,086	24,502	26,761
Human relations	7	26,055	1,075	2,264	3,339	22,716
Recreation	30	32,832	4,192	3,159	7,351	25,481
Total	56	110,150	20,683	14,509	35,192	74,958
Public works:						
Environment	6	19,938	2,944	163	3,107	16,831
Government buildings	29	45,034	6,247	6,998	13,245	31,789
Total	35	64,972	9,191	7,161	16,352	48,620
Total general	**167**	**$458,773**	**81,056**	**66,749**	**147,805**	**310,968**
PROPRIETARY						
Water and sewer:						
Water	2	$ 2,403	719	203	922	1,481
Sewer	2	78,949	28,935	12,124	41,059	37,890
Total	4	81,352	29,654	12,327	41,981	39,371
General hospital	6	41,316	3,860	4,334	8,194	33,122
Convention center	2	1,046	—	33	33	1,013
University	5	90,054	1,735	1,782	3,517	86,537
Total proprietary	**17**	**$213,768**	**35,249**	**18,476**	**53,725**	**160,043**

The accompanying notes are an integral part of this schedule.

ENTERPRISE FUNDS

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are or could be financed or recovered primarily through user charges.

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to residents of the District, suburban Maryland and northern Virginia. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, debt service, billing and collecting. Depreciation on fixed assets acquired through capital grants is closed to Contributed Capital.

The **General Hospital Fund** is used to account for the costs of providing medical and surgical treatment to sick and injured residents by the District of Columbia General Hospital. The hospital is governed by eleven commissioners appointed by the Mayor with the consent of the Council.

The **Starplex Fund** is used to account for maintaining and operating the armory to provide facilities for the quartering and training of the National Guard of the District of Columbia and for major athletic events, conventions, concerts and other activities; and for maintaining and operating the Robert F. Kennedy Memorial Stadium for athletic and other events. The armory and stadium are governed by a three member Armory Board, two of whose members are appointed by the Mayor with the consent of the Council. The third member is the commanding general of the National Guard.

The **Convention Center Fund** is used to account for maintaining and operating the Washington Convention Center for local public shows and exhibitions, civic and community events and gatherings, athletic and cultural events, entertainment and other activities. The convention center is governed by five directors appointed by the Mayor with the consent of the Council.

The **Lottery and Games Fund** is used to account for revenues from lotteries and daily numbers games operated by the District of Columbia and from licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gambling activities are administered by a Lottery and Charitable Games Control Board consisting of five members appointed by the Mayor with the consent of the Council. All moneys made available to the Lottery and Games Fund by the General Fund must be derived from non-Federal revenues.

The **University Fund** is used to account for the resources received and used by the University of the District of Columbia which is a land-grant institution offering higher education to the public. The university is governed by a Board of Trustees. Eleven members of the board are appointed by the Mayor with the consent of the Council, one member is a full-time student, and three members are appointed by the alumni associations. Depreciation on fixed assets is closed to Contributed Capital.

Exhibit C-1

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

September 30, 1989
With Comparative Totals for September 30, 1988
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1989	Totals 1988
ASSETS								
Current Assets:								
Cash and investments (note 2)	$ 80,852	13,143	6,466	516	3,571	30,623	135,171	141,473
Receivables (net of allowances for uncollectibles):								
Accounts	59,453	14,952	179	541	1,533	1,789	78,447	77,883
Intergovernmental	4,102	—	—	—	—	1,470	5,572	6,873
Inventories	10,441	1,712	—	—	115	—	12,268	14,386
Other current assets	—	—	551	8	10	3,453	4,022	3,711
Total current assets	154,848	29,807	7,196	1,065	5,229	37,335	235,480	244,326
Long Term Assets:								
Intergovernmental receivable	12,659	—	—	—	—	—	12,659	12,659
Deferred charges	4,154	—	—	—	—	—	4,154	4,176
Total long term assets	16,813	—	—	—	—	—	16,813	16,835
Fixed Assets (Note 5):								
Property and equipment	866,742	93,264	26,933	122,118	9,090	134,677	1,252,824	1,194,636
Less - accumulated depreciation	213,789	43,669	15,905	17,899	2,039	50,583	343,884	315,183
Net fixed assets	652,953	49,595	11,028	104,219	7,051	84,094	908,940	879,453
Total assets	**$824,614**	**79,402**	**18,224**	**105,284**	**12,280**	**121,429**	**1,161,233**	**1,140,614**
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Payables:								
Accounts	$ 19,439	7,921	308	1,396	1,034	3,369	33,467	36,286
Compensation	6,772	11,092	339	424	471	7,630	26,728	22,434
Intergovernmental	3,882	—	—	—	—	—	3,882	10,821
Accrued liabilities	8,363	—	—	26	3,394	413	12,196	11,551
Deferred revenue	3,576	186	—	414	123	4,003	8,302	15,238
Current maturities (note 6)	11,510	—	—	—	—	—	11,510	12,491
Other current liabilities	487	259	573	1,126	1,173	3,462	7,080	6,174
Total current liabilities	54,029	19,458	1,220	3,386	6,195	18,877	103,165	114,995
Long Term Liabilities (Note 6):								
Long term debt:								
Intergovernmental notes payable	58,650	—	—	—	—	—	58,650	62,136
General obligation bonds payable	229,476	—	—	—	—	—	229,476	228,175
Other long term liabilities	26,740	—	—	—	3,950	—	30,690	27,027
Total long term liabilities	314,866	—	—	—	3,950	—	318,816	317,338
Total liabilities	**368,895**	**19,458**	**1,220**	**3,386**	**10,145**	**18,877**	**421,981**	**432,333**
Fund Equity:								
Contributed capital (note 5)	342,061	74,987	15,715	92,151	—	83,538	608,452	591,642
Retained earnings (deficit)	113,658	(15,043)	1,289	9,747	2,135	19,014	130,800	116,639
Total fund equity	**455,719**	**59,944**	**17,004**	**101,898**	**2,135**	**102,552**	**739,252**	**708,281**
Total liabilities and fund equity	**$824,614**	**79,402**	**18,224**	**105,284**	**12,280**	**121,429**	**1,161,233**	**1,140,614**

The accompanying notes are an integral part of this statement.

Exhibit C-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1989	Totals 1988
Operating Revenues:								
Charges for services	$196,830	66,479	7,502	7,440	68,348	7,592	354,191	338,739
Operating Expenses:								
Personal services	49,673	82,720	2,678	6,249	4,146	67,723	213,189	193,926
Contractual services	39,834	13,756	907	6,300	10,277	7,250	78,324	70,726
Supplies	15,061	11,855	122	529	73	1,281	28,921	26,305
Occupancy	10,782	3,423	1,856	1,435	1,358	8,966	27,820	27,035
Depreciation	15,028	4,942	956	3,145	1,062	4,870	30,003	27,817
Miscellaneous	21,085	1,352	33	353	1,110	10,627	34,560	30,795
Total operating expenses	151,463	118,048	6,552	18,011	18,026	100,717	412,817	376,604
OPERATING INCOME (LOSS)	45,367	(51,569)	950	(10,571)	50,322	(93,125)	(58,626)	(37,865)
Nonoperating Revenues (Expenses):								
Intergovernmental (note 10)	—	—	—	—	—	4,660	4,660	4,955
Interest	(20,104)	—	—	86	3,013	1,619	(15,386)	(16,762)
Fiscal charges	(153)	—	—	—	—	—	(153)	(90)
Refunding charges	(3,401)	—	—	—	—	--	(3,401)	(2,969)
Miscellaneous	—	—	—	—	—	6,055	6,055	5,590
Total nonoperating revenues (expenses)	(23,658)	—	—	86	3,013	12,334	(8,225)	(9,276)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	21,709	(51,569)	950	(10,485)	53,335	(80,791)	(66,851)	(47,141)
Operating transfers in (out):								
General Fund	—	44,430	(1,000)	8,597	(53,000)	74,310	73,337	77,355
NET INCOME (LOSS)	**21,709**	**(7,139)**	**(50)**	**(1,888)**	**335**	**(6,481)**	**6,486**	**30,714**
Depreciation closed to Contributed Capital	2,805	—	—	—	—	4,870	7,675	7,452
INCREASE (DECREASE) IN RETAINED EARNINGS	**24,514**	**(7,139)**	**(50)**	**(1,888)**	**335**	**(1,611)**	**14,161**	**38,166**
Retained Earnings (Deficit) at October 1	**89,144**	**(7,904)**	**1,339**	**11,635**	**1,800**	**20,625**	**116,639**	**78,473**
Retained Earnings (Deficit) at September 30	**$113,658**	**(15,043)**	**1,289**	**9,747**	**2,135**	**19,014**	**130,800**	**116,639**

The accompanying notes are an integral part of this statement.

Exhibit C-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1989	Totals 1988
Sources of Cash:								
Operations:								
Income (loss) before operating transfers	$ 21,709	(51,569)	950	(10,485)	53,335	(80,791)	(66,851)	(47,141)
Item not requiring cash - Depreciation	15,028	4,942	956	3,145	1,062	4,870	30,003	27,817
Working capital provided (required)	36,737	(46,627)	1,906	(7,340)	54,397	(75,921)	(36,848)	(19,324)
Increase (decrease) in current liabilities:								
Accounts payable	1,389	(2,383)	39	714	(729)	(1,849)	(2,819)	(4,127)
Compensation payable	551	1,808	46	43	106	1,740	4,294	625
Intergovernmental payable	(6,939)	—	—	—	—	—	(6,939)	(179)
Interfund payable	—	—	—	—	—	—	—	(325)
Accrued liabilities	(51)	—	—	(7)	798	(95)	645	5,403
Deferred revenue	(801)	(6,542)	—	65	(19)	361	(6,936)	2,269
Current maturities	(981)	—	—	—	—	—	(981)	871
Other current liabilities	4	(66)	343	(252)	698	179	906	(2,830)
Decrease (increase) in current assets:								
Accounts receivable	6,758	(6,206)	(88)	(333)	(529)	(166)	(564)	(5,521)
Intergovernmental receivable	1,636	—	—	—	—	(335)	1,301	1,339
Inventories	2,518	(417)	—	—	17	—	2,118	(236)
Other current assets	—	—	(179)	(3)	95	(224)	(311)	(19)
Cash provided (required)	40,821	(60,433)	2,067	(7,113)	54,834	(76,310)	(46,134)	(22,054)
Other sources of cash:								
Deduction of long term assets	22	—	—	—	—	—	22	4,922
Disposition of fixed assets	26	93	301	7	—	—	427	531
Proceeds of long term liabilities	28,817	—	—	—	5,791	—	34,608	32,357
Contribution of capital	13,189	6,927	—	33	--	4,336	24,485	25,508
Operating transfers in	—	44,430	—	8,597	—	74,310	127,337	120,355
Total sources of cash	82,875	(8,983)	2,368	1,524	60,625	2,336	140,745	161,619
Uses of Cash:								
Addition of long term assets	—	—	—	—	—	—	—	184
Acquisition of fixed assets	40,129	7,522	868	1,226	6,024	4,148	59,917	73,840
Payment of long term liabilities	31,289	—	—	—	1,841	—	33,130	26,266
Operating transfers out	—	—	1,000	—	53,000	—	54,000	42,500
Total uses of cash	71,418	7,522	1,868	1,226	60,865	4,148	147,047	142,790
INCREASE (DECREASE) IN CASH AND INVESTMENTS	**11,457**	**(16,505)**	**500**	**298**	**(240)**	**(1,812)**	**(6,302)**	**18,829**
Cash and Investments at October 1	**69,395**	**29,648**	**5,966**	**218**	**3,811**	**32,435**	**141,473**	**122,644**
Cash and Investments at September 30	**$ 80,852**	**13,143**	**6,466**	**516**	**3,571**	**30,623**	**135,171**	**141,473**

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the District in a trustee capacity. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments or other funds.

The **Unemployment Compensation Trust Fund** is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and Federal governments and private employers in the District. Resources are contributed by private employers at rates fixed by law and by the District and Federal governments on a reimbursable basis. The fund is administered by an Unemployment Compensation Board composed of the Mayor and four members appointed by the Mayor. The administrative costs of the board are accounted for in the General Fund.

The **Housing Finance Trust Fund** is used to account for cash received from public and private sources to be used for increasing the supply and lowering the cost of money available for residential mortgages and construction loans in order to help alleviate the shortage of adequate housing. Mortgage lenders and the fund make mortgage, construction and rehabilitation loans for single and multifamily rental and home ownership units designed to expand available housing opportunities, achieve neighborhood and fiscal stability, and effect residential economic diversity. The fund is administered by a Housing Finance Agency Board of Directors comprised of five members appointed by the Mayor with the consent of the Council. The administrative costs of the agency are accounted for in the fund.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for judges, police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and Federal governments at amounts determined by an annual actuarial study and the Retirement Reform Act. The funds are administered by an eleven member Retirement Board, three of whom are appointed by the Mayor, two by the Council and one each by active and retired police officers, fire fighters and teachers. The administrative costs of the board are accounted for in the General Fund.

Agency Funds are used to account for compensation deferred by employees, refundable deposits required of various licensees, monies held in escrow and other assets held in custody by the District as an agent for individuals, private organizations, other governments or other funds.

Exhibit D-1

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

September 30, 1989
With Comparative Totals for September 30, 1988
($000s)

	Trust			Agency	Totals	
	Expendable		Pension			
	Unemployment Compensation	Housing Finance			1989	1988
ASSETS						
Restricted Assets:						
Cash and investments	$ 76,991	204,214	1,426,836	124,089	1,832,130	1,454,608
Receivables:						
Accounts	12,179	3,944	3,528	6,327	25,978	23,013
Loans	—	219,415	—	—	219,415	210,436
Intergovernmental	164	—	507,446	—	507,610	530,699
Interfund (note 3)	1,107	—	18,966	—	20,073	18,403
Prepaid charges	—	7,083	—	—	7,083	6,106
Other restricted assets	—	93	—	3,349	3,442	33
Total assets	**$ 90,441**	**434,749**	**1,956,776**	**133,765**	**2,615,731**	**2,243,298**
LIABILITIES AND FUND BALANCES						
Liabilities Payable From Restricted Assets:						
Payables:						
Accounts	$ 183	243	18,550	10,361	29,337	51,140
Loans	—	408,553	—	—	408,553	311,560
Interfund (note 3)	—	8,041	—	—	8,041	6,952
Deferred revenue	—	4,287	—	—	4,287	3,526
Other restricted liabilities	3,108	10,308	—	123,404	136,820	101,267
Total liabilities	**3,291**	**431,432**	**18,550**	**133,765**	**587,038**	**474,445**
Fund Balances:						
Reserved for net restricted assets	**87,150**	**3,317**	**1,938,226**	**—**	**2,028,693**	**1,768,853**
Total liabilities and fund balances	**$ 90,441**	**434,749**	**1,956,776**	**133,765**	**2,615,731**	**2,243,298**

The accompanying notes are an integral part of this statement.

Exhibit D-2

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1989
With Comparative Totals for Year Ended September 30, 1988
($000s)

	Unemployment Compensation	Housing Finance	Totals 1989	Totals 1988
Revenues:				
Benefit contributions	$ 78,009	—	78,009	76,396
Miscellaneous	—	45,386	45,386	34,824
Total revenues	78,009	45,386	123,395	111,220
Expenditures:				
Current:				
Benefit payments	82,077	—	82,077	76,323
Miscellaneous	—	47,685	47,685	34,616
Total expenditures	82,077	47,685	129,762	110,939
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,068)	(2,299)	(6,367)	281
Other Financing Sources:				
Operating transfers in:				
General Fund	—	29	29	1,825
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	**(4,068)**	**(2,270)**	**(6,338)**	**2,106**
Fund Balances at October 1	**91,218**	**5,587**	**96,805**	**94,699**
Fund Balances at September 30	**$ 87,150**	**3,317**	**90,467**	**96,805**

The accompanying notes are an integral part of this statement.

Exhibit D-3

PENSION TRUST FUNDS

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1989 and 1988
($000s)

	1989	1988
Operating Revenues:		
Benefit contributions	$ 229,149	211,034
Miscellaneous	249,241	35,821
Total operating revenues	478,390	246,855
Operating Expenses:		
Benefit payments	207,310	192,993
INCOME BEFORE OPERATING TRANSFERS	271,080	53,862
Operating transfers in (out):		
General Fund	(4,902)	(3,639)
NET INCOME	**266,178**	**50,223**
Fund Balances at October 1	1,672,048	1,621,825
Fund Balances at September 30	**$1,938,226**	1,672,048

The accompanying notes are an integral part of this statement.

Exhibit D-4

PENSION TRUST FUNDS

COMPARATIVE STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended September 30, 1989 and 1988
($000s)

	1989	1988
Sources of Cash:		
Operations:		
Income before operating transfers	$ 271,080	53,862
Increase (decrease) in restricted liabilities:		
Accounts payable	(16,492)	17,522
Decrease (increase) in restricted assets:		
Intergovernmental receivable	18,873	17,638
Interfund receivable	(1,810)	(1,882)
Other restricted assets	(1,349)	17,422
Total sources of cash	270,302	104,562
Uses of Cash:		
Operating transfers out	4,902	3,639
INCREASE IN CASH AND INVESTMENTS	**265,400**	**100,923**
Cash and Investments at October 1	**1,161,436**	**1,060,513**
Cash and Investments at September 30	**$1,426,836**	**1,161,436**

The accompanying notes are an integral part of this statement.

Exhibit D-5

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended September 30, 1989
($000s)

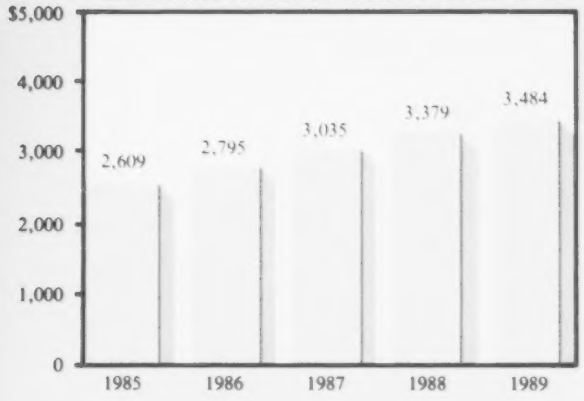
	Balance October 1, 1988	Additions	Deductions	Balance September 30, 1989
Deferred Compensation Fund				
ASSETS				
Restricted Assets:				
Cash and investments	$ 33,974	27,852	6,483	55,343
Total assets	**$ 33,974**	**27,852**	**6,483**	**55,343**
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Other restricted liabilities	$ 33,974	50,649	29,280	55,343
Total liabilities	**$ 33,974**	**50,649**	**29,280**	**55,343**
Other Agency Funds				
ASSETS				
Restricted Assets:				
Cash and investments	$ 59,413	55,884	46,551	68,746
Accounts receivable	7,031	62,024	62,728	6,327
Other restricted assets	4,117	23,765	24,533	3,349
Total assets	**$ 70,561**	**141,673**	**133,812**	**78,422**
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Accounts payable	$ 11,038	13,514	14,191	10,361
Other restricted liabilities	59,523	32,654	24,116	68,061
Total liabilities	**$ 70,561**	**46,168**	**38,307**	**78,422**
Totals				
ASSETS				
Restricted Assets:				
Cash and investments	$ 93,387	83,736	53,034	124,089
Accounts receivable	7,031	62,024	62,728	6,327
Other restricted assets	4,117	23,765	24,533	3,349
Total assets	**$104,535**	**169,525**	**140,295**	**133,765**
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Accounts payable	$ 11,038	13,514	14,191	10,361
Other restricted liabilities	93,497	83,303	53,396	123,404
Total liabilities	**$104,535**	**96,817**	**67,587**	**133,765**

The accompanying notes are an integral part of this statement.

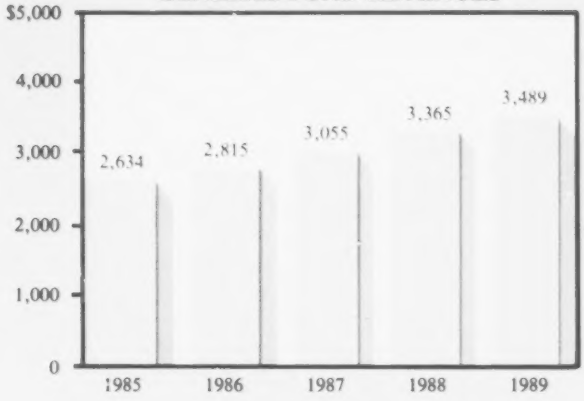
STATISTICAL SECTION

(In millions of dollars)

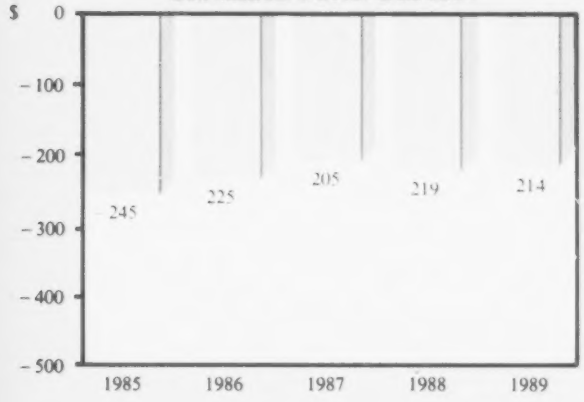
GENERAL FUND EXPENDITURES/USES



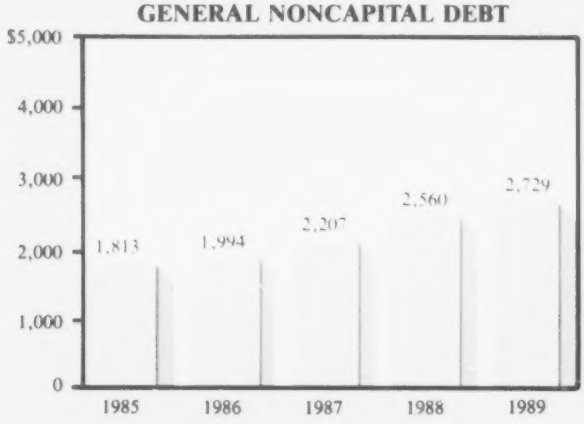
GENERAL FUND REVENUES



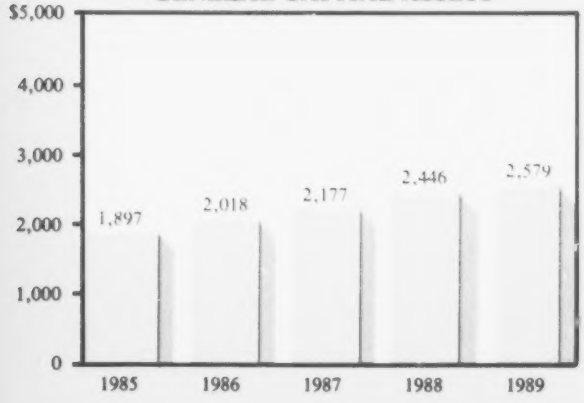
GENERAL FUND DEFICIT



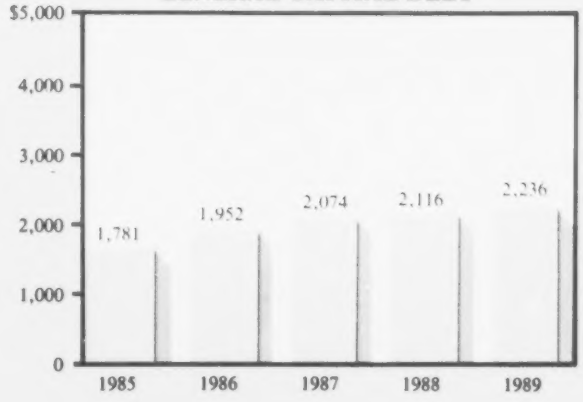
GENERAL NONCAPITAL DEBT



GENERAL CAPITAL ASSETS



GENERAL CAPITAL DEBT



This section contains tables which differ from financial statements because they usually cover more than two fiscal years and may present nonaccounting data. Statistical tables reflect social and economic data, financial trends and the fiscal capacity of the District.

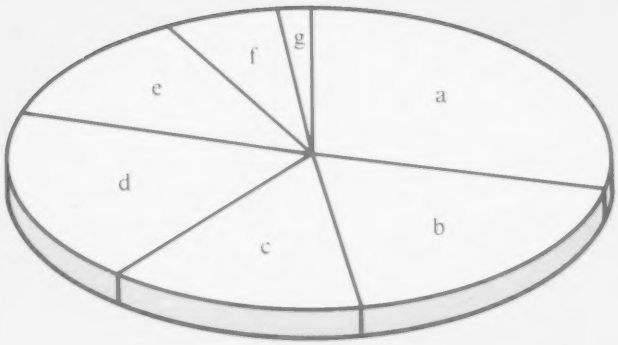
BEST AVAILABLE COPY

OPERATING RATIOS

GENERAL FUND FOR 1989

REVENUE DOLLAR BY SOURCE

Where the money came from

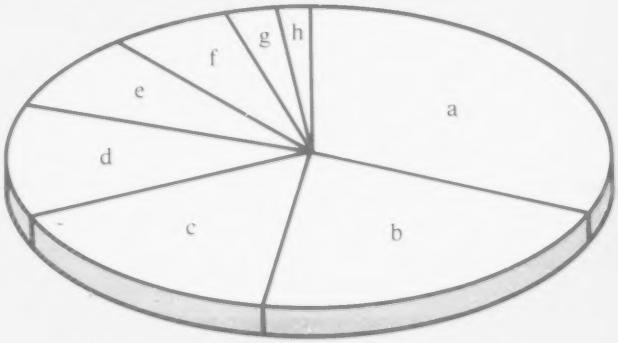


a. Income and franchise taxes	$ .26
b. Property taxes	.20
c. Sales and use taxes	.15
d. Operating grants	.15
e. Payment in lieu of taxes	.13
f. Other	.09
g. Other taxes	.02
	$1.00

EXPENDITURE DOLLAR BY FUNCTION

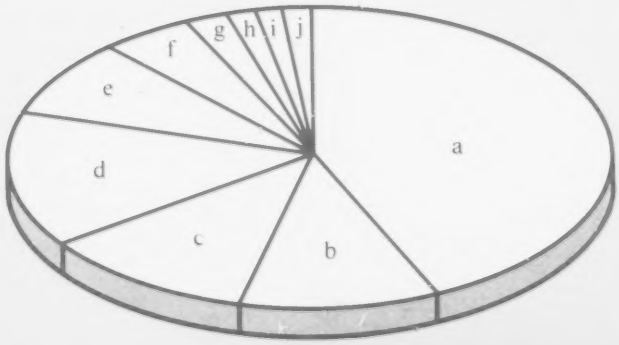
Where the money was spent

a. Human support services	$ .32
b. Public safety and justice	.22
c. Public education system	.18
d. Public works	.08
e. Economic development and regulation	.07
f. Debt service	.07
g. Governmental direction and support	.04
h. Operating transfers	.02
	$1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on



a. Salaries and wages	$ .41
b. Public assistance	.15
b. Other	.12
d. Employee benefits	.10
e. Contractual services	.08
f. Interest debt service	.05
g. Occupancy	.03
h. Supplies	.02
i. Operating transfers	.02
j. Principal debt service	.02
	$1.00

BEST AVAILABLE COPY

Exhibit S-1

GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years
($000s)

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeits	Charges for Services	Miscel-laneous	Total District Revenues	Intergovernmental Payments	Intergovernmental Grants	Total (Exhibit A-2)	Excess (Deficiency)
1980	$ 928,412	30,496	22,871	10,794	49,578	1,042,151	276,500	412,979	1,731,630	(105,026)
1981	1,078,830	29,245	23,478	73,418	28,944	1,233,915	304,684	373,720	1,912,319	68,300
1982	1,173,725	29,661	22,124	68,491	18,033	1,312,034	336,600	347,990	1,996,624	13,061
1983	1,295,927	29,728	22,658	122,239	20,465	1,491,017	364,143	389,587	2,244,747	12,886
1984	1,398,812	30,338	23,343	115,556	21,402	1,589,451	417,222	396,322	2,402,995	17,460
1985	1,536,027	31,460	29,214	97,576	29,976	1,724,253	471,353	438,340	2,633,946	24,926
1986	1,684,535	31,850	39,528	117,585	34,897	1,908,395	450,265	456,421	2,815,081	20,053
1987	1,873,667	31,907	38,569	134,531	24,076	2,102,750	479,500	473,157	3,055,407	20,288
1988	2,021,912	31,601	41,594	124,943	129,664	2,349,714	459,500	555,197	3,364,411	(14,279)
1989	2,204,598	33,069	45,511	125,756	93,490	2,502,424	453,800	532,967	3,489,191	5,469

Exhibit S-2

GENERAL FUND EXPENDITURES AND USES BY FUNCTION

Last Ten Fiscal Years
($000s)

Fiscal Year	Govern-mental Direction	Economic Develop-ment	Public Safety	Public Education	Human Services	Public Works	Employee Benefits	Debt Service	Financing Uses	Total (Exhibit A-2)
1980	$ 71,716	104,089	433,473	410,738	605,820	150,704	(156,057)	114,169	102,004	1,836,656
1981	75,509	96,807	450,526	397,944	645,192	153,868	(210,986)	123,772	111,387	1,844,019
1982	63,509	92,250	487,119	417,778	605,205	172,628	(101,181)	137,787	108,468	1,983,563
1983	55,196	118,315	562,178	448,763	718,348	250,227	(165,259)	153,217	90,876	2,231,861
1984	110,220	155,942	620,122	469,719	753,518	219,658	(204,517)	164,104	96,769	2,385,535
1985	120,473	198,209	685,091	490,561	776,318	231,503	(156,987)	177,802	86,050	2,609,020
1986	123,759	211,038	743,224	507,003	875,757	238,624	(181,402)	188,049	88,976	2,795,028
1987	136,320	239,248	813,947	554,411	954,434	250,667	(210,156)	201,824	94,424	3,035,119
1988	148,194	251,594	886,537	627,393	1,258,995	265,980	(353,854)	217,329	76,522	3,378,690
1989	147,014	258,969	928,983	658,857	1,097,031	270,089	(169,653)	228,848	63,584	3,483,722

Exhibit S-3

GENERAL FUND CURRENT EXPENDITURES BY OBJECT

Last Ten Fiscal Years
($000s)

Fiscal Year	Personal Services	Employee Benefits	Contractual Services	Supplies	Occupancy	Miscellaneous Assistance	Miscellaneous Other	Total (Exhibit A-5)	Balance (Deficit)	Equity Transfers
1980	$ 971,303	(156,057)	98,038	47,798	62,383	*	597,018	1,620,483	(377,810)	1,898
1981	1,100,229	(210,986)	129,109	34,617	77,182	*	478,709	1,608,860	(309,510)	—
1982	1,075,596	(101,181)	125,852	40,835	80,717	*	515,489	1,737,308	(300,206)	(3,757)
1983	1,254,627	(165,259)	149,121	51,007	94,380	*	603,892	1,987,768	(287,320)	—
1984	1,363,302	(204,517)	111,453	51,528	100,053	*	702,843	2,124,662	(269,860)	—
1985	1,301,864	(156,987)	168,829	58,214	105,589	407,000	460,659	2,345,168	(244,934)	—
1986	1,512,300	(181,402)	202,365	58,932	95,349	425,000	405,459	2,518,003	(224,881)	—
1987	1,667,225	(210,156)	229,322	64,478	103,040	445,700	439,262	2,738,871	(204,593)	—
1988	2,033,283	(353,854)	294,260	75,908	114,741	502,614	417,887	3,084,839	(218,872)	—
1989	1,958,569	(169,653)	287,193	80,393	117,630	522,598	394,560	3,191,290	(213,403)	—

* Included in Other.

Exhibit S-4

MAJOR TAX RATES

Last Ten Fiscal Years

Fiscal Year	Property (1) Real: Residential Owner-Occupied	Property (1) Real: Residential Tenant-Occupied	Property (1) Real: Commercial Hotels	Property (1) Real: Commercial Other	Property (1) Personal	Sales and Use: General (2)	Sales and Use: Selective: Alcoholic Beer (3)	Sales and Use: Selective: Alcoholic Spirits (4)	Sales and Use: Selective: Motor Fuel (4)	Income (5): Individual	Income (5): Business	Receipts (6): Public Utility
1980	$1.22	1.54	2.13	2.13	3.10	.06	2.25	1.50	.110	.020-.110	.0990	.060
1981									.130			
1982									.140			
1983									.148			
1984									.155			.067
1985			1.82	2.03							.1050	
1986												
1987										.060-.100		
1988										.060-.095	.1025	
1989							2.79		.180			

Units: (1) Per $100 of assessed value. (2) Per $1 of sales. (3) Per barrel. (4) Per gallon. (5) Per $1 of taxable income. (6) Per $1 of gross receipts.

Source: Department of Finance and Revenue.

Exhibit S-5

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Years
($000s)

Property Tax Year*	Tax Levy	Tax Collections			Percent of Collections to Levy		Delinquent Taxes	
		Current	Delinquent	Total	Current	Total	Outstanding	Percent to Levy
1980	$184,715	180,962	2,695	183,657	98.0	99.4	$ 8,537	4.6
1981	230,367	224,573	3,900	228,473	97.5	99.2	10,950	4.8
1982	281,137	274,898	4,217	279,115	97.8	99.3	8,856	3.2
1983	334,667	326,252	6,353	332,605	97.5	99.4	10,271	3.1
1984	346,839	340,990	5,249	346,239	98.3	99.8	12,903	3.7
1985	392,635	383,763	5,237	389,000	97.7	99.1	14,809	3.8
1986	416,389	410,668	9,311	419,979	98.6	100.9	13,799	3.3
1987	469,219	459,716	8,025	467,741	98.0	99.7	15,036	3.2
1988	509,747	501,424	12,005	513,429	98.4	100.7	9,361	1.8
1989	593,469	589,316	10,779	600,095	99.3	101.1	2,889	0.5

* Property tax year is from July 1 to June 30. Taxes are payable in two equal installments on September 15 and March 31. Fiscal year is from October 1 to September 30.

Source: Department of Finance and Revenue.

Exhibit S-6

DISTRIBUTION OF INDIVIDUAL INCOME TAXES

Last Two Calendar Years

Taxable Income	1988			1987		
	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers
Under $5,000	0.2	46,900	14.0	0.2	32,499	10.2
$ 5,000 to 9,999	2.4	50,585	15.1	2.3	53,209	16.7
$10,000 to 14,999	5.5	51,255	15.3	6.0	55,439	17.4
$15,000 to 24,999	18.1	85,090	25.4	19.9	86,345	27.0
$25,000 to 49,999	33.2	74,370	22.2	34.6	68,502	21.5
$50,000 to 99,999	20.6	20,435	6.1	20.2	17,842	5.6
$100,000 and over	20.0	6,365	1.9	16.8	5,098	1.6
Total	**100.0**	**335,000**	**100.0**	**100.0**	**318,934**	**100.0**

Source: Department of Finance and Revenue.

Exhibit S-7

ASSESSED VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years
($000s)

Fiscal Year	Assessed Value of Property*				Commercial Construction		Residential Construction		Bank Deposits (1)
	Commercial	Residential	Total Taxable	Nontaxable	Number of Units	Value	Number of Units	Value	
1980	$ 4,216,000	7,378,000	11,594,000	13,154,000	72	$163,760	2,763	$92,430	5,284,407
1981	4,981,000	8,984,000	13,965,000	13,407,000	56	180,747	1,172	30,002	5,781,615
1982	6,505,200	11,494,800	18,000,000	14,954,000	52	328,093	441	15,920	6,117,083
1983	8,038,700	12,055,300	20,094,000	20,062,000	93	497,614	608	38,072	7,329,039
1984	8,865,100	11,859,000	20,724,100	20,531,000	183	639,670	475	25,725	8,091,000
1985	11,321,600	12,124,600	23,446,200	22,152,700	153	304,925	628	30,031	9,059,000
1986	11,958,000	13,049,000	25,007,000	22,585,000	206	436,924	992	61,123	9,353,850
1987	14,130,500	14,002,800	28,133,300	23,115,300	131	640,294	1,249	171,490	10,070,904
1988	16,424,500	15,259,700	31,684,200	24,058,600	386	706,020	576	91,603	11,210,442
1989	19,492,000	15,826,000	35,318,000	26,747,400	349	594,297	536	102,869	11,881,261

* Assessed value is 100 percent of estimated actual value.

Sources: (1) FDIC *Summary of Deposits* in all commercial banks.
Department of Finance and Revenue.

Exhibit S-8

TEN HIGHEST ASSESSED VALUES FOR TAX EXEMPT PROPERTIES

July 1, 1989

Property*	Value
George Washington University and Hospital	$554,808,681
Georgetown University and Hospital	304,672,206
Howard University and Hospital	302,010,584
The International Bank for Reconstruction and Development	254,966,200
American University	187,956,280
Washington Hospital Center	186,915,218
International Monetary Fund	159,893,300
Inter-American Development Bank	150,292,000
National Cathedral	123,883,781
National Geographic Society	107,560,458

* Excludes Federal government property.

Source: Department of Finance and Revenue.

Exhibit S-9

TEN HIGHEST ASSESSED VALUES FOR COMMERCIAL PROPERTIES

July 1, 1989

Squares	Lots	Building	Land	Improvements	Total
106	049	International Square	$111,003,082	132,815,918	243,819,000
254	837	National Place	102,020,010	94,724,990	196,745,000
348	832-834	1001 Pennsylvania Avenue, N.W.	97,018,410	87,570,590	184,589,000
163	055	Washington Square	101,940,378	77,422,622	179,363,000
224	022	Metropolitan Square	68,894,640	75,979,360	144,874,000
493	805-808	Federal Plaza	40,132,497	101,990,007	142,122,504
403	834-835	711 I Street, N.W.	80,957,120	53,794,880	134,752,000
173	820	3000 K Street, N.W.	31,308,849	99,889,151	131,198,000
290	043	Columbia Square	52,879,050	69,447,600	122,326,650
140	915	1800 M Street, N.W.	68,091,192	51,118,808	119,210,000

Source: Department of Finance and Revenue.

Exhibit S-10

TEN HIGHEST ASSESSED VALUES FOR RESIDENTIAL PROPERTIES

July 1, 1989

Squares	Lots	Location	Land	Improvements	Total
1346	003-004 801-803	1801 Foxhall Road, N.W.	$10,153,806	1,000,000	11,153,806
2630	819	1940 Shepherd Street, N.W.	5,534,536	4,429,375	9,963,911
1346	819, 821	2101 Foxhall Road, N.W.	9,809,549	—	9,809,549
1341	856, 858 859, 861	2209 Foxhall Road, N.W.	6,468,986	500,000	6,968,986
1467	825	50th & Massachusetts Avenue, N.W.	5,384,826	—	5,384,826
1285	812 803-805	1623 28th Street, N.W.	2,280,477	3,005,024	5,285,501
1341	857	2401 Foxhall Road, N.W.	3,457,095	1,542,905	5,000,000
2198	014	2929 Massachusetts Avenue, N.W.	722,029	3,454,921	4,176,950
2199	025	2501 30th Street, N.W.	580,756	3,589,244	4,170,000
2515	817, 816	2145 Decatur Street, N.W.	1,208,619	2,691,381	3,900,000

Source: Department of Finance and Revenue.

Exhibit S-11

COMPUTATION OF LEGAL DEBT LIMITATION

Last Two Fiscal Years
($000s)

	1989	1988
Revenues:		
General Fund:		
District revenues (Exhibit S-1)	$2,502,424	2,349,714
Payment in lieu of taxes (Exhibit S-1)	453,800	459,500
Water and Sewer Fund (Exhibit C-2)	196,830	197,174
	3,153,054	3,006,388
Less- court fees (Exhibit A-3)	4,565	4,488
Total revenues	**$3,148,489**	**3,001,900**
Principal and Interest:		
General Fund:		
Principal (Exhibit S-13)	$ 71,743	66,630
Interest (Exhibit S-13)	153,555	148,783
Water and Sewer Fund:		
Principal matured (Note 6A)	12,492	9,810
Interest expense (Exhibit C-2)	20,104	19,877
Interest capitalized (Note 5B)	2,104	2,003
Total principal and interest	**$ 259,998**	**247,103**
Percent of Principal and Interest to Revenues*	**8.3**	**8.2**

* Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14 percent of the revenues of the fiscal year in which the debt is issued.

Exhibit S-12

PERCENT OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA

Last Ten Fiscal Years
($000s)

Fiscal Year	Population (Exhibit S-14)	General Obligation Debt (Note 6A)			Assessed Value (Exhibit S-7)	Percent of Debt to Assessed Value	Debt per Capita*
		Enterprise	General	Total			
1980	638,000	$159,880	1,307,013	1,466,893	11,594,000	12.7	$2,299
1981	632,000	170,017	1,403,744	1,573,761	13,965,000	11.3	2,490
1982	626,000	187,175	1,502,825	1,690,000	18,000,000	9.4	2,700
1983	624,000	235,069	1,589,485	1,824,554	20,094,000	9.1	2,924
1984	623,000	261,229	1,646,633	1,907,862	20,724,100	9.2	3,062
1985	623,000	278,224	1,781,265	2,059,489	23,446,200	8.8	3,306
1986	625,000	297,249	1,952,196	2,249,445	25,007,000	9.0	3,599
1987	622,000	295,357	2,074,333	2,369,690	28,133,300	8.4	3,810
1988	613,000	302,802	2,116,088	2,418,890	31,684,200	7.6	3,946
1989	604,000	299,636	2,235,866	2,535,502	35,318,000	7.2	4,198

* There is no revenue, special assessment or overlapping debt.

Exhibit S-13

PERCENT OF DEBT SERVICE TO GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
($000s)

Fiscal Year	Debt Service (Exhibit A-2)				General Fund Expenditures (Exhibit S-2)	Percent of Debt Service to General Fund Expenditures
	Principal	Interest	Fiscal Charges	Total		
1980	$21,643	92,526	—	114,169	1,836,656	6.2
1981	22,729	101,043	—	123,772	1,844,019	6.7
1982	25,419	112,368	—	137,787	1,983,563	6.9
1983	26,340	126,877	—	153,217	2,231,861	6.9
1984	27,852	136,252	—	164,104	2,385,535	6.9
1985	30,089	140,373	7,340	177,802	2,609,020	6.8
1986	39,505	145,104	3,440	188,049	2,795,028	6.7
1987	53,416	145,495	2,913	201,824	3,035,119	6.6
1988	66,630	148,783	1,916	217,329	3,378,690	6.4
1989	71,743	153,555	3,550	228,848	3,483,722	6.6

Exhibit S-14

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age	School Enrollment	Employment	Unemployment Rate
1980	638,000	$12,750	31.0	*	616,100	7.3%
1981	632,000	14,104	30.1	97,517	611,000	9.0
1982	626,000	14,995	30.6	93,959	597,900	10.6
1983	624,000	15,721	30.9	88,175	596,600	11.7
1984	623,000	16,660	31.4	85,828	613,800	9.0
1985	623,000	17,974	31.8	84,553	629,000	8.4
1986	625,000	19,071	32.7	84,148	640,000	7.7
1987	622,000	20,303	33.0	83,382	655,600	6.3
1988	613,000	21,667	33.3	84,519	673,100	5.0
1989	604,000	*	*	85,165	*	*

* Not available.

Sources: (1) Federal Bureau of the Census.

(2) Federal Department of Commerce, Bureau of Economic Analysis.

Exhibit S-15

MISCELLANEOUS STATISTICS

Last Two Fiscal Years

	1989	1988
Area (square miles):		
Federal and foreign governments	23.8	23.9
District government	2.6	2.5
Streets and alleys	15.5	15.2
Taxable base	20.0	20.3
Total area	61.9	61.9
Employees (authorized, permanent, full-time):		
Governmental direction	2,051	2,140
Economic development	1,222	1,303
Public safety and justice	11,290	11,078
Education and libraries	11,663	11,742
Human services and recreation	5,044	5,154
Public works	3,126	3,022
Total employees	34,396	34,439
Police Protection:		
Number of stations	13	13
Number of police officers	3,951	3,782
Crime index offenses	62,937	58,959
Fire Protection:		
Number of stations	34	35
Number of fire fighters	1,336	1,302
Transportation:		
Number of street lights	63,826	65,312
Number of traffic signalized intersections	1,293	1,293
Number of motor vehicle registrations (1/1-12/31)	400,000	400,000
Water:		
Number of consumers	128,932	128,407
Average daily consumption (in millions of gallons)	141	142
Miles of mains	1,286	1,286
Sewers:		
Miles of mains	1,800	1,800
Daily maximum capacity (in millions of gallons)	650	650
Economic:		
Taxable retail sales (in millions)	$6,742	6,067
Unemployment claims accepted	30,250	34,348
Unemployment claims rejected	11,184	11,845
Recreation:		
Number of centers and playgrounds	101	107
Number of day camps	12	18
Number of outdoor swimming pools	35	34
Number of indoor swimming pools	10	11
Libraries:		
Number of main and branch buildings	21	21
Number of community and kiosk facilities	5	5
Number of volumes	1,627,311	1,571,897
Education:		
Number of public schools	178	185
Number of public school teachers	6,305	6,572
Education level (in years of formal schooling)	12	12

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